Free Reference Material You Should Read

What Does Accepted for Value Mean?

Millions of people use the phrase "accepted for value" everyday without knowing what it means and why it is so powerful. You have the right to make personal choices that affect your commercial affairs. You can be in control, or you can be controlled. Acceptance for value is one means of being in control.

This is a free publication offered to those who seek the truth by

The American Connection

Copyrighted © 2007 by The American Connection. All rights are reserved, except the contents of this book may be reproduced, stored in a retrieval system, and transcribed in any form or by any means without express permission, but may not be sold.

The author of this book does not give legal advice. Remedies are available if you know where to look for them. The purpose of this book is to reveal and compile the sources of some of these remedies that can be found in millions of pages of case law, statutes, codes, laws, rules, and regulations. This book is intended to decrease the time it takes to discover the components of your remedies and their application. It is the responsibility of the readers to understand their remedies, to seek assistance if necessary, and to apply proper and complete concepts to reach a successful conclusion to a dispute. This book does not exhaust the information that might be needed to successfully settle a dispute.

Table of Contents

Introduction 1

Value – UCC 1-201 6

Constitutional Oaths 16

Acceptance 18

Offer and Acceptance and Counteroffer 18

Acceptance for Value = Taken for Value 21

Negotiability 25

Without Recourse 27

Issued or Transferred for Value – UCC 3-303 29

Interest in Property 48

Settlement 49

A4V Recap 49

Other writings from The American Connection on related topics that can be found at www.lulu.com. Do a search by title or by authority - _____.

Books

America – National or Federal? (97 pages)
Each state, in ratifying the Constitution, is considered a sovereign body, independent of all others, and only to be bound by its own voluntary act. In this relation, the new Constitution will, if established, be a federal and not a national Constitution. The Federalist, No. 39, James Madison

In Search of Liberty (112 pages)
Liberty, sir, is the primary object, …the battles of the Revolution were fought, not to make 'a great and mighty empire', but 'for liberty'. Patrick Henry

Booklets

Superior Law, Higher Law, My Law FREE
You have rights antecedent to all earthly governments' rights that cannot be repealed or restrained by human laws; rights derived from the Great Legislator of the Universe. John Adams

Introduction to Corporate Political Societies FREE
Finally, be strong in the Lord and in the strength of his might. Put on the whole armor of God, that you may be able to stand against the wiles of the devil. For we are not contending against flesh and blood, but against principalities, against the powers, against the world rulers of this present darkness, against the spiritual hosts of wickedness in heavenly places. Ephesians 6:10-12

Introduction to Law Merchant FREE
Stand fast, therefore, in the liberty with which Christ hath made us free, and be not entangled again with the yoke of bondage. Galatians 5:1

Society of Slaves and Freedmen FREE
If men, through fear, fraud, or mistake should in terms renounce or give up any natural right, the eternal law of reason and the grand end of society would absolutely vacate such renunciation. The right to freedom being a gift of ALMIGHTY GOD, it is not in the power of man to alienate this gift and voluntarily become a slave. Samuel Adams 1772

Sovereignty FREE
Even in almost every nation, which has been denominated free, the state has assumed a supercilious pre-eminence above the people who have formed it. Hence, the haughty notions of state independence, state sovereignty, and state supremacy. Justice Wilson, Chisholm v. Georgia, 2 Dal. (U.S.) 419, 458 (1792)

The Legal System for Sovereign Rulers FREE
The Lord shall judge the people with equity. Psalms 98:9

The Negative Side of Positive Law FREE
Therefore, one must be wise and attentive, since there are those among us who make kings and set up princes outside His law. Hosea 8:4.

Liberty FREE
Now the Lord is that Spirit: and where the Spirit of the Lord is, there is Liberty. II Corinthians 3:17

When There is No Money FREE
For thus saith the Lord, Ye have sold yourselves for nothing, and ye shall be redeemed without money. Isaiah 52:3

The Natural Order of Things FREE
Owe no one anything, except to love one another; for he who loves his neighbor has fulfilled the law. Romans 13:8

Resident/Minister FREE
You may also buy some of the temporary residents living among you and members of their clans born in your country, and they will become your property. Leviticus 25:45

Agree with thine adversary quickly, while thou art in the way with him; lest at any time the adversary deliver thee to the judge, and the judge deliver thee to the officer, and thou be cast into prison. Verily I say unto thee, Thou shalt by no means come out thence, till thou hast paid the uttermost farthing. Matthew 5:25-26

What Does Accepted for Value Mean?

Accepted for Value (A4V) is at the foundation of remedies available for commercial demands made by the United States, so many people have attempted to use it to close accounts in the United States. Even so, no one has had a good explanation of what A4V means. Here is an attempt to clarify.

Introduction

The Uniform Commercial Code in Article 3 that deals with negotiable instruments is one source of explanation. Article 8 deals with investment securities, and Article 9 deals with secured transactions. In addition to opinions written by judges to shed light on our remedies, all three of these articles hold a key to understanding commercial setoff. The UCC had an overhaul in 2000, but the major principles remain the same. The changes appear to be to the sections that deal with secured transactions (Article 9) and some with investment securities (Article 8), but negotiable instruments are what lead to those securities. The phrase "accepted for value" has little coverage in the code books or in court opinions. A better understanding of the commercial terms "acceptance" and "value" and how they relate to instruments in general would be a good place to start.

> ***Acceptance*** *1. An agreement, either by* ***express act*** *or by* ***implication from conduct****, to the terms of an offer so that a binding contract is formed. * If an acceptance modifies the terms or adds new ones, it generally operates as a counteroffer.* Black's 7th
> ***Accept.*** *To receive with approval or satisfaction; to receive with intent to retain.* Black's 4th
> ***Acceptance.*** *The taking and receiving of anything in good part, and as it were a tacit agreement to a preceding act, which might have been defeated or avoided if such acceptance had not been made.* Black's 4th

A naked acceptance waives remedies that are available by waiving defects in the instrument (agreement) that is being offered and accepted. Receiving an instrument is an acceptance and a taking. Retention is the basis for a binding contract if there is a preceding act like a pledge to the United States. Altering the terms of the instrument and returning it operates as a counteroffer.

> *UCC 1-201. General definitions*
> *44. "****Value****". Except as otherwise provided with respect to negotiable instruments and bank collections (sections 3-303, 4-210 and 4-211) a person gives "****value****" for* ***rights*** *if he acquires them:*
> *(a) In return for a binding* ***commitment to extend credit*** *or for* ***the extension of immediately available credit*** *whether or not drawn upon and whether or not a charge-back is provided for in the event of difficulties in collection; or*
> *(b) As* ***security*** *for or in total or partial satisfaction of a preexisting claim; or*
> *(c) By accepting* ***delivery*** *pursuant to a preexisting contract for purchase; or*

*(d) Generally, in **return for any consideration** sufficient to support a simple contract.*

UCC 1-201(44) generally says that a person gives value. He gives value to get rights. **If one person is giving value, another person is asked to give rights in exchange**. Both giving value and giving rights meet the element of consideration. The question has to be - What constitutes value? In today's commercial system where ownership is not the prime focus, interest (rights) in things takes the place of ownership as the goal. A security interest constitutes a right to seize control of a pledged thing if the one giving the security interest fails to perform as agreed. The one giving a security interest retains possession of the thing that secures the right of another party to seize possession of the thing that backs the security interest that was given. The one receiving a security interest becomes a secured party, especially if the instrument establishing the security interest is registered. He has rights, which are remedies and defenses that he can use to enforce an agreement if the other party fails to perform as agreed.

UCC 1-201. General definitions
*36. "**Rights**" includes remedies.*

A **remedy** is a **commercial right** for those who acquire that right through an instrument. In corporate United States, there must be a written record of everything. Nothing is supposed to be assumed or presumed, but that does not mean assumptions and presumptions are not used everyday to acquire rights and enforce them. If the right that is being enforced is a security interest in a tangible or intangible thing, it usually comes from an instrument that is actually supported by the thing. This is usually, but not always, a pledge or a promise to relinquish possession of a thing if there is a breach of an agreement.

Because enforcement of a contract based on an implied promise is weak, an instrument demanding performance on it is an offer to initiate a new contract based on an old (antecedent) and maybe implied or unenforceable contact. If an instrument is based on an intentional written promise to perform and an intentional pledge to relinquish property, it does not have to be issued for value. It is just issued, and the original contract with the offeror's right to the pledged property is the consideration that supports the demand. A copy of the written promise and pledge can be attached to the instrument, or the instrument can just refer to the contract by its title, number, or date, etc. The issuer of the instrument demanding performance supported by a written promise has defenses if the debtor files a complaint against the issuer for making the demand. The issuer can produce the antecedent contract that contains the intentional promise to perform and the intentional pledge to use tangible or intangible property to secure that performance. If the debtor is aware that he had previously signed a promise and pledged his right to a thing to guarantee his performance, he would not have to see the contract. The demand instrument is issued to get performance already promised, or in the alternative to get the thing already pledged.

In some cases, there is no pledge to support an instrument, so it must be issued and transferred for value (with implied consideration). There is no debtor. The issuer

does not have a written instrument to back his demand instrument. If he decides to issue the demand instrument in spite of his lack of authority, he is risking liability on the instrument. If the **transferee** (the one who the issuer directs the demand to) calls the issuer's bluff, the issuer could be made to pay the transferee. The issuer (**transferor**) has no defenses. He has no antecedent contract to attach as consideration for the demand he is sending to the transferee. If the issuer has no written pledge but still decides to issue a demand, the demand instrument must be issued for value, because there is no evidence of pledge to attach to it. There is no written antecedent contract obligation that requires the transferee to perform, but he still has to do something with the demand.

The transferee is the one who receives the instrument by mail, by process server, or by warrant. The transferee is a target. The issuer is shooting the instrument at the target, hoping the target will just take the shot and agree to become liable on the new offer. The issuer is bluffing. If the transferee recognizes the demand instrument as a bluff, he can call the issuer on the bluff and require the issuer to pay. The transferee actually gains a security interest in the instrument if he recognizes it. If the instrument is issued and transferred for value (with implied consideration), the transferee acquires a security interest or other lien on the instrument if it was not obtained by judicial proceeding. See UCC 3-303 below.

If you properly endorse an instrument issued and transferred for value, you acquire a right to enforce the instrument against the issuer. You become the **creditor** by returning it to the issuer, who becomes the **debtor**. By accepting the instrument (an offer) for value, you are altering the terms of the offer, and it becomes a **counteroffer**.

> ***Acceptance*** *If an acceptance modifies the terms or adds new ones, it generally operates as a counteroffer.* Black's 7th

The right to be the creditor is what you get when you A4V an instrument that is issued and transferred for value, like a tax bill, penal action "indictment," or speeding ticket. These issues are all based on violations of statutes. **Dishonor has value in the public. Violation of statutes has value in the public.** The violation of the statute is the **presumed basis (consideration)** for issuing the instrument, but if you have not promised to perform under those statutes, you are not obligated, and the issuer has no way of supporting his demand instrument. It is issued without consideration. It is issued based on a presumption that every U.S. citizen has pledged allegiance to the United States and to its private laws – statutes. It is a bluff. The river card has already been turned. You have the winning hand. You can call the issuer's bluff. You can check. You can raise. You can fold. It is your choice. You have the button.

The commercial system of the United States is based on the Law Merchant. That law is not neutral; it is not set up to be fair. It is set up to facilitate collection for creditors, especially foreign creditors. It deals with debtors and creditors, even when there is no debtor/creditor relationship. The only thing that has to be determined in most situations is - who is the **debtor** and who is the **creditor**. Once that is

determined, additional facts are usually irrelevant and immaterial. In the United States, every man is deemed to be a U.S. citizen, and every U.S. citizen is deemed to a debtor. A4V is one way of establishing that you are a creditor and not a debtor. If you are going to use the Law Merchant to settle disputes with the United States, a firm understanding of the Law Merchant is necessary. If you have commercial rights, the trier of facts in a commercial dispute will proceed cautiously to avoid denying you commercial due process.

Commercial due process is not much more than time and opportunity to complete an administrative remedy and produce a counterclaim. If you don't know what your administrative remedies are, you probably don't have any commercial rights to exercise. As one who represents a person in the United States, ie. a U.S. citizen, you have due process rights through the sovereign's statutes. As a man in the several states, you have due process rights through your Creator's natural order of things. Properly applied, commercial remedies incorporate the natural order of things. You can choose to use a **sovereign's statutes** or **commercial remedies**, but they should not be used simultaneously. They are like oil and water. They do not mix. If you are going to use commercial remedies, injection of statutory rights will kill your commercial due process remedies. The terms of the offer and acceptance make the law that will be enforced.

Even though you might choose to use commercial remedies, you still need to use the person you represent in the public to access the commercial remedies. They have been statutized in State law. You can use them, but you cannot cite the source. The statutes use the natural order of things as the basis for their code sections, and then incorporate the private policy code sections into the same set of published statutes. If you use the cite (UCC _ - _ _ _ or __ USC § _ _ _ _), you have reverted back to being a U.S. citizen taking a benefit from the statutes. If you demonstrate the principle in the code section without citing it, you maintain your separation. The **person** you represent in the public **acquires the commercial rights**, but you interject **your rights** through the **natural order of things**, and maintain your unalienable rights. You get to use the person, instead of it using you.

A person can acquire commercial rights through several means. According to the definition of "value" above, he can acquire them –

a) in return for credit,
b) as security,
c) through a delivery pursuant to a contract, or
d) in return for any consideration.

Each of subsections (a) through (d) deals with a different scenario. The last one (d) is a general catchall that covers anything that might not have been addressed by the first three. This definition is one of the most confusing in the commercial code, and is one of the most important to understand.

A right is defined as a remedy. Debtors' remedies often include defenses against foreclosure on the express or implied terms of an express or implied agreement for which security was given. Defenses are often given to debtors as

consideration by creditors, and defenses are often given to creditors as consideration by debtors.

Money and things are not needed under this commercial system where interest in things like real estate, bank accounts, and bodies serve as consideration. For example, a creditor may sign an agreement giving possession of a product to a debtor before the debtor has paid for the product. In that case, the debtor has defenses if his creditor later accuses him of taking the product without paying for it. In the same transaction, the debtor may give defenses through the agreement to his creditor, if the debtor later claims the product he received was not what he ordered. The written agreement identifies what the debtor actually ordered. The agreement will specify the terms of the agreement and the defenses each party gives to the other. Those defenses are rights that will result in a remedy if one of the parties is later wrongly accused of a breach. The people have commercial remedies if they are accused of a breach of some unknown contract. The accuser might claim a security interest in an antecedent claim against property supposedly pledged as security in exchange for value that was supposedly given by the accuser. That kind of claim would have to be issued for value, because the accuser would have no written agreement as the basis for his claim. His claim would be a new offer. He would be trying to get you to join in a new contract by implying that an antecedent contract existed. Since it does not exist, the issuer of the new offer has to be bluffing.

A4V is based on contract law. If you think there is a presumption of a preexisting contract through which you are presumed to be a debtor that has supposedly pledged property and your liberty as security for some presumed value given by the United States, it might be very important for you to negotiate some better terms in a **counteroffer**. **If the issuer of the instrument for value does not counter your counteroffer, you are in a much better position**. If you have a record of a valid contract that contains terms in your favor and can be enforced in commerce, you have remedies. If you don't, the United States may be entitled to enforce a different agreement. Even if you have an agreement advantageous to you, your actions may imply a waiver and your consent to abide by a less advantageous agreement.

Preexisting or antecedent claims can be created by agreement between the actual parties, but when the United States is a party, all agreements incorporate an attachment to the national debt – an antecedent claim other creditors have against the United States. It is like a program running in the background on your computer. The presumption that all U.S. citizens have pledged allegiance to the United States and its statutes, is enough to establish an antecedent claim in favor of the United States. U.S. citizens cannot question the national debt. They are called upon to be sureties for that debt, and they usually lose when a court proceeding is initiated against them for violation of statutes. This is done on the principle that the United States is more likely to pay its debt if it can collect from its debtors.

United States courts take jurisdiction of cases where a debtor to the United States is being charged with violation of United States statutes. Even though a U.S. citizen does not have a direct obligation to the creditors of the United States, through the principle of novation, U.S. citizen generally agree to be liable without knowing they

have done so. A person can transfer his rights and obligations to another party through agreement. A owes B. A or B can ask C to take on A's obligation. If C agrees, and A and B are given notice that C has agreed to owe B what A owes B, the novation is complete, and A is relieved of the obligation of paying B. The U.S. citizen is C in this example. A is the United States, and B is the creditors of the United States.

The commercial code is first and foremost concerned about repayment of the national debt as a preexisting contract with an antecedent claim. The secondary function of the commercial code is to provide an orderly method of dealings between other debtors and creditors. United States Code (statutes) violations are claims used by creditors of the United States to collect internal revenue from U.S. citizens to pay the national debt. There can be claims stacked on claims. It is not uncommon for a totally discharged debt to be renewed by a creditor without the knowledge of the debtor. United States statutes are designed to transfer private rights from the private to the public for public use – to pay the national debt. Every evidence of debt in the United States has value. Persons in the United States carry on commercial transactions by giving and receiving value. Value has nothing to do with things, until there is a breach of an agreement, when an interest in a thing is transferred from the debtor to the creditor. On the private side, a thing is an object that casts a shadow. On the public side, only the shadow can be seen. On the public side, the shadow is given value. Interest in the thing is the value. It is not the thing.

Value – UCC 1-201

UCC 1-201. General definitions

*44. "**Value**". Except as otherwise provided with respect to negotiable instruments and bank collections (sections 3-303, 4-210 and 4-211) a person gives "value" for rights if he acquires them:*

(a) In return for a binding commitment to extend credit or for the extension of immediately available credit whether or not drawn upon and whether or not a charge-back is provided for in the event of difficulties in collection; or

(b) As security for or in total or partial satisfaction of a preexisting claim; or

(c) By accepting delivery pursuant to a preexisting contract for purchase; or

(d) Generally, in return for any consideration sufficient to support a simple contract.

Subsection (a) of 1-201(44) can be read from the perspective of either a lender or a borrower as the one extending credit. Both parties receive rights from the agreement. Only the people have the energy needed to create money in the United States, and in today's system, credit and security interests circulate as money. Creation of money remains in the same place it always was – with the people. Before 1933, the people dug the gold and silver out of the earth, took it to an assayer to have it coined by authorized agents of the United States, and spent or loaned their coins into circulation. Since 1933, the people sign notes on their own credit, have that credit converted into currency by authorized agents of the United States, and spend it into circulation. After signing notes on their own credit, the people usually get into another unintended contract and agree to give a security interest in something as value on a contract they don't need and don't even want to enter. Article 1 Section 8 Clause

2 authorizes the Congress to borrow money on the credit of the United States. The "United States" in that clause necessarily must reference the several states, as the government has no means of securing credit on its own. The people compose the several states. That clause authorizes the Congress to borrow money on the credit of the people.

Both parties receive value in a transaction, and both parties receive rights. Both parties give value, and both parties give rights. Value usually means some kind of consideration. Article 3 of the commercial code further clarifies "value" when negotiable instruments are involved, but the more general definition is in Article 1-201. The next section contains many examples of exchanges of value for rights; and conversely exchanges of rights for value. "Value" is a complicated concept, so several examples are given to help to clarify. "Value" is subtle, so notice the subtleties of the examples. The specific value for each example is bolded. The following interpretations for subsections (a) through (d) deal with persons and credit under public policy through the Law Merchant.

> *UCC 1-201. General definitions*
> *44. "**Value**". Except as otherwise provided with respect to negotiable instruments and bank collections (sections 3-303, 4-210 and 4-211) a person gives "value" for rights if he acquires them:*
> ***(a) In return for a binding commitment to extend credit or for the extension of immediately available credit whether or not drawn upon and whether or not a charge-back is provided for in the event of difficulties in collection;***

A person gives value to another party in exchange for interest in the other party's property. He acquires rights (interest) in return for giving a binding commitment to extend credit, or giving a binding commitment for the availability of credit to the party giving the person the rights. Those rights might be in the title to real property, or for capacity to sue to get the title to real property through court order. Those rights might be in benefits provided by the United States. They might be in a distribution from the trust created by the Constitution. It does not matter if the party giving the rights draws on that commitment to extend credit. It does not matter if a charge-back is provided if the party receiving the credit and giving the rights has difficulty in collecting the credit. The whole money system of the United States is based on extensions of credit. Almost every thing transaction in the public is based on credit. There is constantly an exchange of value for rights, and rights for value happening in the United States. This results in transfers of digits from one account to another.

[public to public]
(a) A person ("borrower") gives value (**right to foreclose**) (**asset on the bank's books**) for rights (from creditor) (use of public credit) if he (borrower) gets those rights (use of public credit) in return for his (borrower) commitment to extend credit (promissory note).
(a) A person ("lender" = creditor) gives value (**use of public credit**) (to debtor) for rights (from debtor) (to foreclose) if he (lender = creditor) gets those rights (to foreclose) in return for his (lender = creditor) commitment to extend (public) credit (to a borrower = debtor).

Person	gives Value	for Rights	in Return for
Borrower	right to foreclose	use of public credit	promissory note
Lender	use of public credit	right to foreclose	extension of public credit

[private to public]

(a) A person ("borrower") gives value (**private man's credit via signature on a note**) for rights (from creditor) (use of currency) if he (borrower) gets those rights (use of currency) in return for his (borrower) commitment to extend (private) credit (to the lender from the man who represents the borrower).

(a) A person ("lender" = debtor) gives value (**liability on its books**) for rights (use of private credit) if he (lender) gets those rights (use of private credit) in return for his (lender) commitment to extend (public) credit (to the debtor).

[private to public]

Person	gives Value	for Rights	in Return for
Borrower	man's signature	use of currency	extension of private credit
Lender	liability on its books	use of private credit	extension of public credit

There are two different actions happening in these scenarios. One is public to public, and the other is private to public. Nothing can happen on the public side until someone on the private side signs something. The signature can be advantageous to the man or not. It is up to him. The man is an accommodating party who receives nothing for lending his name or credit to the public event, unless he negotiates terms that are favorable to him. If the United States presents the terms and they are accepted without renegotiation, the man is just an accommodating party and can expect to receive no rights in return for the value he gives by lending his name and credit to the United States.

A bank cannot lend its own credit. When a bank "extends" credit, it has to use someone else's credit and "extend" it to a third party. It is not a loan (B to C); it is a lengthening of the process (A to B to C). The credit comes from A (a man - lender) in the private, through C (U.S. citizen – agent for A), to B (bank - lender) in the public, to C (U.S. citizen - borrower) in the public. The borrower is both a debtor and a creditor on the same transaction. The man cannot go into the public, so the U.S. citizen has to represent the man in the public. The U.S. citizen needs hands to sign instruments, so the man has to represent the U.S. citizen and supply the energy. The man will be presumed to be an accommodating party unless he negotiates a contract that has terms more favorable to him. If the man permits his signature to be used with no terms for payment to him, he just waives his rights. The U.S. citizen is both the transferor and the transferee on instruments in the public. Instruments that are issued and transferred for value are requests for a man's private credit. They are credit applications. He can endorse them properly and be a creditor, or stand silent and be a debtor. It is up to him.

The public to public value on the previous interpretations is the right to foreclose (an asset on the bank's books) and the use of public credit, in return for a promissory note and the extension of public credit. The private to public value on the previous interpretations is the man's signature on the note and the liability on the bank's books, in return for an extension of private credit to facilitate the extension of public credit. There can be no public credit without getting credit from the private side first. The people in the several states are the only ones who have credit, because they are the only ones with energy that does not belong to someone else. Fictions have no energy of their own. Since money of exchange is not used in the modern commercial system, credit is the medium of exchange through money of account. Money of account is digits on accounting ledgers. All loans in the public necessarily must be made on the private credit of the people. The people have to supply private credit that public lenders extend to borrowers in the public. No wonder the lenders always say they are "extending" credit. They are extending the people's credit from the private side into the public and returning it to a fiction represented by one of the people. Value is given on both sides. Value is accepted on both sides. This 1-201 definition is in Article 1 of the commercial code, so it does not apply to Article 3 negotiable instruments, but it is necessary to understand the duplicity of value to understand A4V.

The following interpretations of 1-201(a) deal with a public person created by the United States as the debtor and the United States as the creditor, as well as the United States as the debtor and a private man as the ultimate creditor through the public person he represents. These are still dealing with persons and credit under public policy.

[public to public]

(a) A person (United States) gives value (**certificated security = birth certificate = U.S. citizenship**) for rights (to use U.S. citizen as surety) if he (United States) gets those rights (to use U.S. citizen as surety) in return for his (United States) commitment to extend (public) credit (and benefits) (to the U.S. citizen).

(a) A person (U.S. citizen) gives value (**pledge to United States**) for rights (to operate in commerce in United States) if he (U.S. citizen) gets those rights (to operate in commerce in United States) in return for his (U.S. citizen) commitment to extend (public) credit (to be a surety) (to United States).

[public to public]

Person	gives Value	for Rights	in Return for
United States	birth certificate	use of private credit	public credit and benefits
U.S. citizen	pledge to the U.S.	commerce in the U.S.	being a surety for the U.S.

[private to public]

(a) A person (United States) gives value (**certificated security = birth certificate = U.S. citizenship**) for rights (get private credit) if he (United States) gets those rights (to use private credit) in return for his (United States) commitment to extend (public) credit (distribution from trust to the man through the U.S. citizen).

(a) A person (U.S. citizen) gives value (**man's private credit**) (to United States) for rights (to operate in commerce in United States) if he (U.S. citizen) gets those

rights (to operate in commerce in United States) in return for his (U.S. citizen) commitment to extend (private) credit (of the man who represents the U.S. citizen) (to United States).

[private to public]

Person	gives Value	for Rights	in Return for
United States	birth certificate	get private credit	extension of public credit
U.S. citizen	man's private credit	commerce in the U.S.	extension of private credit

On the public side, the birth certificate represents value as security for a preexisting claim the United States has against a U.S. citizen. On the private side it is security for a preexisting claim the man has against the political State for using his description without paying for it. It is an antecedent claim the man can present as a counterclaim when the United States brings a claim against the person the man represents. The birth certificate secures the obligation the State, as an agent for the United States, has to the man, since no payment has ever been made to the man, and technically cannot be made. The inches and pounds description of the baby on the application for the birth certificate constituted a symbolic delivery of the baby into the United States. What happens in the United States … stays in the United States. The baby and the man cannot go into the United States, but the person named on the birth certificate can. The United States cannot go into the private states, but the man representing the person named on the birth certificate can. The baby grew into a man, and the rights the baby had to payment for use of his description carry on to the man. If the man does not do something with that certificated security (birth certificate), it is considered abandoned. Abandonment is waste, so the United States will use the birth certificate to prevent waste, until the man decides to use it.

Subsection (b) can also be read from several different perspectives. Both parties in each scenario give value and rights, and receive value and rights through the agreement. The following interpretations deal with individuals and corporations.

> *UCC 1-201. General definitions*
> *44. "**Value**". Except as otherwise provided with respect to negotiable instruments and bank collections (sections 3-303, 4-210 and 4-211) a person gives "value" for rights if he acquires them:*
> ***(b) As security for or in total or partial satisfaction of a preexisting claim;***

Usually a person gives value when he is exchanging them for rights he is acquiring as security for that one transaction. Those rights might be in the title to real property, or capacity to sue, or for performance. According to subsection (b), a person (United States) can give value (benefits) for rights (pledge) he (United States) is acquiring from a U.S. citizen, as security for satisfaction of a claim that already exists (national debt). The rights the United States gets from the U.S. citizen secure payment or performance on that preexisting claim the international bankers have against the United States and its sureties. The person giving the value (United States) has supposedly already received a promise of some sort from the U.S. citizen. Now, the person (United States) is giving value again to get more rights that he will acquire

as more security for total or partial satisfaction of that preexisting claim (national debt). A tax bill is considered value, as is a libel of information for a quasi-criminal case against a U.S. citizen for violation of United States statutes. The United States is giving value by issuing an instrument for value. That instrument carries a security interest in the instrument that is issued. That can be considered to be value. In exchange for giving the U.S. citizen a security interest in the instrument, the United States is looking for rights in the property owned by the U.S. citizen. It is also looking for a right to seize the body. All of this is done to collect revenue from the U.S. citizen as a surety. If the man who represents the U.S. citizen does not recognize the value that is being given, that waiver does not negate the rights the United States is acquiring in the transaction.

In a normal situation, the party giving the rights receives value through the transaction. A right is a remedy. If the party who gave the rights is later accused of not performing, the right he gave as security when he received the value can be used to seize the property to satisfy the terms of the agreement. In subsection (b) a "preexisting claim" makes an appearance. The United States already promised to repay the international lenders, but if it doesn't pay, the international lenders can use United States statutes to collect from U.S. citizens. Both parties give value and both receive rights in each transaction. The value given can be absolutely anything that is sufficient to support a simple contract in the jurisdiction where the agreement is made. The rights given can be anything to secure the obligation incorporated in the agreement, including defenses against claims made by the parties against each other.

[public to public]
(b) A person (creditor = corporation) gives value (**use of credit "**mortgage") for rights (to foreclose and defenses) if he (creditor) acquires the rights (to foreclose and defenses) as security for satisfaction (payment) of a preexisting claim (national debt). The debtor's promise to return credit is a second promise. The first promise is a pledge to not question the national debt.
(b) A person (debtor = U.S. citizen) gives value (**promise**) for rights (use of credit and defenses) if he (U.S. citizen) acquires the rights (use of credit and defenses) as security for satisfaction (extension of credit) of a preexisting claim (beneficial interest in the trust created by the Constitution). The approval of credit application is a second promise. The first promise is the constitutional oath the President took.

[public to public]

Person	**gives Value**	**for Rights**	**as Security for**
corporation	use of credit	to foreclose and defenses	national debt
U.S. citizen	promise	use of credit and defenses	beneficial interest

[private to public]
(b) A person (creditor = U.S. citizen) gives value (**man's signature on an application**) for rights (to use public credit) if he (U.S. citizen) acquires the rights (to use public credit) as security for satisfaction (distribution from the trust) of a preexisting claim (man's beneficial interest in the trust).
(b) A person (debtor = corporation) gives value (**use of public credit**) for rights (defenses) if he (corporation) acquires the rights (defenses) as security for

satisfaction (trust distribution) of a preexisting claim (man's beneficial interest in the trust).

[private to public]

Person	gives Value	for Rights	as Security for
U.S. citizen	man's signature	use of public credit	distribution from the trust
corporation	use of public credit	defenses	beneficial interest in trust

The following interpretations deal with creditors of the United States and the United States (backed by U.S. citizens as sureties for the United States for the national debt).

(b) A person (debtor = corporate United States) gives value (**new reorganization plan to pay**) for rights (defenses against foreclosure) as security (promise not to foreclose now) for satisfaction (partial performance) of a preexisting claim (international bankers' right to foreclose on the United States).
(b) A person (creditor = international bankers) gives value (**approval of a new reorganization plan for extension of time to pay**) for rights (to foreclosure later) as security (promise not to foreclose now) for satisfaction (new payment plan) of a preexisting claim (terms of loan agreement = national debt).

Person	gives Value	for Rights	as Security for
United States	reorganization plan	defenses	partial performance
Creditors of U.S.	approval of plan	foreclose later	promise not to foreclose

"Satisfaction" in this subsection can refer to the statutes the United States created for its creditors to use to more expeditiously collect through forfeiture actions. It can also refer to United States courts created for its creditors to use to summarily condemn property for confiscation to satisfy the terms of the reorganization plan the United States gave to its creditors promising performance on a preexisting claim (national debt).

The following interpretations deal with the United States as the agent and the people as the principals; and with the United States as the trustee and the people as the beneficiaries.

(b) A person (corporate United States) gives value (**certificated security = birth certificate**) for rights (to create money on the signature of the man = borrow from the people) as security (promise not to deny or disparage rights of the people) for satisfaction (acknowledgement of obligation to people) of a preexisting claim (beneficial interest in the trust created by the Constitution).

Person	gives Value	for Rights	as Security for
United States	birth certificate	borrow from people	9th Article of Bill of Rights

(b) A person (officer in the federal government) gives value (**Article VI oath**) for rights (to hold an office) as security (promise to support "this" constitution) for satisfaction (performance) of a preexisting claim (people's beneficial interest in the trust created by the Constitution).

Person	**gives Value**	**for Rights**	**as Security for**
officer	Article VI oath	to hold office	beneficial interest

(b) A person (President) gives value (**Article II oath**) for rights (to be Commander in Chief) as security (promise to preserve, protect and defend the Constitution) for satisfaction (performance) of a preexisting claim (people's beneficial interest in the trust created by the Constitution).

Person	**gives Value**	**for Rights**	**as Security for**
President	Article II oath	to hold office	beneficial interest

(b) A person (a state, ie. Ohio, etc.) gives value (**office in the federal government**) for rights (to be part of the union of American states = federal United States) as security (promise to abide by terms of Constitution) for satisfaction (performance on terms of Constitution) of a preexisting claim (promise to pay creditors of the Confederacy).

Person	**gives Value**	**for Rights**	**as Security for**
A state	federal office	to be part of union	payment of national debt

(b) A person (a state, ie. Ohio, etc.) gives value (**Constitution**) for rights (to be recognized internationally) as security (promise to pay creditors of the Confederacy) for satisfaction (acknowledgment of international law) of a preexisting claim (need for a plan to pay international creditors).

Person	**gives Value**	**for Rights**	**as Security for**
A state	Constitution	recognition as a state	payment of debts

(b) A person (state citizen [by Mom]) gives value (**signature on application for birth certificate**) for rights (to be beneficiary on the trust) as security (promise) for satisfaction (distribution from the trust) of a preexisting claim (beneficial interest in the trust created by the Constitution).

Person	**gives Value**	**for Rights**	**as Security for**
state citizen	signature	beneficial interest	distributions from trust

Subsection (c) deals with buyers and sellers. Notice that both subsection (b) and (c) refer to a preexisting arrangement. (b) brings in a preexisting claim that necessarily results from a preexisting contract. (c) addresses delivery on a preexisting contract. On the public side, creditors on the national debt have a seemingly priority position in the commercial code. The only right higher than that of the international creditors is that enjoyed by the people in the several states. The people have the first and foremost position in equity in the United States. As beneficiaries of the trust

created by the Constitution, and as beneficiaries of the trust created by President Roosevelt in 1933, the people (through the persons they represent in the United States), have priority stock in corporate United States.

> *UCC 1-201. General definitions*
> *44. "**Value**". Except as otherwise provided with respect to negotiable instruments and bank collections (sections 3-303, 4-210 and 4-211) a person gives "value" for rights if he acquires them:*
> ***(c) By accepting delivery pursuant to a preexisting contract for purchase;***
> *xxxxxxxxxxx*

(c) A buyer (debtor) gives value (**promise or actual payment**) for rights (receipt = defenses) if he (debtor) acquires the rights (receipt = defenses) by accepting delivery (of product) on a preexisting contract for purchase.
(c) A seller (creditor) gives value (**promise or actual delivery**) for rights (receipt = defenses) if he (creditor) acquires the rights (receipt = defenses) by accepting delivery (of promise or actual delivery) on a preexisting contract for purchase.

Person	**gives Value**	**for Rights**	**by Accepting Delivery**
buyer	delivery of promise or payment	receipt	of product

Person	**gives Value**	**for Rights**	**by Accepting Delivery**
seller	delivery of product	receipt	of promise or payment

The terms "buyer" and "seller" have a broad scope of application in the commercial code.
(c) A buyer (U.S. citizen) gives value (**pledge**) for rights (citizenship) if he (U.S. citizen) acquires the rights (citizenship) by accepting delivery (of benefits) on a preexisting contract for purchase (application for birth certificate).
(c) A seller (United States) gives value (**citizenship**) for rights (to use U.S. citizen as surety) if he (United States) acquires the rights (to use U.S. citizen as surety) by accepting delivery (of pledge) on a preexisting contract for purchase (application for birth certificate).

Person	**gives Value**	**for Rights**	**by Accepting Delivery**
U.S. citizen	pledge	citizenship	of benefits

Person	**gives Value**	**for Rights**	**by Accepting Delivery**
United States	citizenship	citizen to be surety	of pledge

In a forfeiture case, the defendant can be deemed to be the buyer, and the prosecutor can be deemed to be the seller.

(c) A buyer (defendant) gives value (**plea & signature**) for rights (civil liberty) if he (defendant) acquires the rights (civil liberty) by accepting delivery (of charges on "indictment") on a preexisting contract for purchase (application for citizenship and residency).
(c) A seller (United States) gives value (**civil liberty**) for rights (to condemn defendant's property) if he (United States) acquires the rights (to condemn

defendant's property) by accepting delivery (of plea & signature) on a preexisting contract for purchase (application for citizenship and residency).

Person	**gives Value**	**for Rights**	**by Accepting Delivery**
defendant	plea & signature	civil liberty	of "indictment"

Person	**gives Value**	**for Rights**	**by Accepting Delivery**
United States	civil liberty	to condemn property	of plea & signature

In all penal actions for violations of statutes, the national debt is the preexisting contract for purchase that influences the conscience of the judge in making his decisions. In those cases, the defendant is a U.S. citizen who cannot question the national debt. He is deemed to be the surety for the buyer (United States), and the prosecutor represents the seller (international lenders). A U.S. citizen who refuses to be a surety can be viewed as giving aid and comfort to enemies of the United States. That is the definition of treason. Once the U.S. citizen is found to be in treason, he can be viewed as a resident. Penal actions are against residents. It is the property of residents that can be seized and condemned and forfeited (confiscated). The book *39 IRS Arguments that Don't Work and Why* explains this process in much more detail. It can be found on www.lulu.com.

(c) A buyer (U.S. citizen = surety = defendant) gives value (**plea & signature**) for rights (reimbursement) if he (U.S. citizen) acquires the rights (reimbursement) by accepting delivery (of charges on "indictment" = bill for payment) on a preexisting contract (national debt) for purchase (loan of credit to the United States).
(c) A seller (international lenders) gives value (**extension of credit to United States**) for rights (to seize property of United States) if he (international lenders) acquires the rights (to seize property of United States) by accepting delivery (of plea & signature of surety) on a preexisting contract (national debt) for purchase (loan of credit to the United States).

Person	**gives Value**	**for Rights**	**by Accepting Delivery**
U.S. citizen/surety	plea & signature	reimbursement	of "indictment"

Person	**gives Value**	**for Rights**	**by Accepting Delivery**
Int. lenders	extension of credit	to seize property	of plea & signature of surety

Subsection (d) deals with anything that is not addressed in (a), (b), or (c).

> *UCC 1-201. General definitions*
> *44. "**Value**". Except as otherwise provided with respect to negotiable instruments and bank collections (sections 3-303, 4-210 and 4-211) a person gives "value" for rights if he acquires them:*
> ***(d) Generally, in <u>return for any consideration</u> sufficient to support a simple contract.***

(d) A debtor/buyer or creditor/seller gives value (**any consideration**) for rights (interest in property and defenses) if he acquires rights (interest in property and

defenses) in return for anything of value that constitutes consideration sufficient to support a simple contract requiring performance by one or both parties.

Person	**gives Value**	**for Rights**	**in Return for**
Any person	any consideration	interest in property	any consideration

The definition of "value" in 1-201(44) does not actually define "value". It merely gives examples of what circumstances might incorporate value. To recap from the above interpretations, value appears to be or to imply some kind of a promise to provide something or to do something: extension of credit, private man's credit via signature on a note, asset on books, liability on books, pledge to United States, use of credit, payment, new reorganization plan to pay, approval of a new reorganization plan for extension of time to pay, Article VI oath, Article II oath, office in the federal government, Constitution, promise or actual payment, promise or actual delivery, pledge, citizenship, security interest in property, civil liberty, plea and signature, extension of credit, any consideration sufficient to support a simple contract. They are all beneficial to someone or something, and are therefore valuable. This list is by no means exhaustive.

Constitutional Oaths

The foundational agreement behind every commercial and political event in the United States is the Constitution. It is primarily an offer made by the states to those who want to be part of the federal or national governments, and secondarily an offer made by the states to those who want to do business with the federal or national governments. This was a very dangerous document. It created a potentially huge commercial machine that had the power to do untold harm to the people. It had to provide a means to pay creditors so the states could be recognized internationally for commercial purposes. At the same time, it had to secure the people's rights, so the commercial machine would not eat the life out of the people. The only offers made back to the people to secure their rights are the two oaths required by the Constitution. These two oaths are the condition put in the agreement ratified by the states, to assure the people who get to benefit from the Constitution by holding offices, keep their commercial machine away from the people in the several states. One is the oath required in Article VI of members of the legislatures, and all executive and judicial officers of the United States and of the several states.

> *Article 6 Section 1 Clause 3*
> *The Senators and Representatives before mentioned, and the Members of the several State Legislatures, and all executive and judicial Officers, both of the United States and of the several States, shall be bound by Oath or Affirmation, to support this Constitution; but no religious Test shall ever be required as a qualification to any Office or public Trust under the United States.*

The other is the oath required in Article II of the President.

> *Article 2 Section 1 Clause 8*
> *Before he enter on the Execution of his Office, he shall take the following Oath or Affirmation: -- "I do solemnly swear (or affirm) that I will faithfully execute*

the Office of President of the United States, and will to the best of my Ability, preserve, protect and defend the Constitution of the United States."

There are no Article VI oaths that can be found for any members of the legislatures (state or federal), or executive and judicial officers of the United States or of the several states. They all have United States Code Title 5 oaths. The President cannot take the Title 5 oath of office. He already has another oath to the people. He and others are deemed to be qualified "to hold and enjoy any Office of honor, Trust or Profit under the United States". Notice that only individuals who are "elected or appointed to an office of honor or profit in the civil service or uniformed services", are required to have the Title 5 oath. They do not hold offices of trust. The President does. Only members of the legislatures of the states and the United States, and executive and judicial officers, who are bound by the Article VI oath, can hold offices of trust. Those who take the Title 5 oath of office can hold offices of honor or profit under the United States. An oath is different than an oath of office.

5 USC § 3331. Oath of office
*An individual, **except the President**, elected or appointed to an office of honor or profit in the civil service or uniformed services, shall take the following oath: "I, AB, do solemnly swear (or affirm) that I will support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties of the office on which I am about to enter. So help me God."*

Judges have the Title 5 oath of office, as well as another one found in Title 28.

Title 28, Sec. 453 says –
Each justice or judge of the United States shall take the following oath or affirmation before performing the duties of his office: "I, [NAME], do solemnly swear (or affirm) that I will administer justice without respect to persons, and do equal right to the poor and to the rich, and that I will faithfully and impartially discharge and perform all the duties incumbent upon me as [OFFICER] under the Constitution and laws of the United States. So help me God."

The only constitutional oath able to be found is the oath the President takes, which is word for word the same as the required text in the Constitution. He does not take the oath of office in Title 5. As long as there is one officer with an oath required by the Constitution (not an oath of office required by the Congress), the people still have a trustee for the trust on which the people are the beneficiaries. That beneficial interest is what gives people the right to A4V instruments that are issued for value. They have an antecedent claim from a preexisting contract. Their claim is a right to enjoy freedom with liberty. It is based on Constitutional guarantees. Since 1933, the people also have a right to a distribution from another trust created by President Franklin D. Roosevelt. Since 1933, all property is held by the state. That means the state has the legal title to all substance in the states, but the people have equitable title

through their beneficial interest in that trust. Taking control of the gold in 1933 would have been unconstitutional if the new trust had not been created. The President's oath is an offer to the people in the several states. It might be prudent for people to accept his oath. It is not an oath that is issued for value; it is an oath made in good faith by the man. The principles of offer and acceptance apply to this very critical premise. If the people have not accepted that oath, how can they expect the man who made it to be working for their benefit? As far as he is concerned, it may appear that none of the people wants him to be their trustee.

Since 1933 the only money in circulation in the United States is credit borrowed from the people. The commercial code adopted by every political State of the United States provides for "value" to be whatever consideration is needed to support a mere simple contract. The President's oath is consideration sufficient to support the simple contract the President (executive trustee) has with the people (beneficiaries). He does not have an oath of office. That is different than an oath. All legislative, executive, and judicial officers performing under him in his capacity as Commander in Chief, have oaths of office. He has a constitutional oath.

"Value" is anything recognized as a pledge or the result of a pledge. The birth certificate is the result of the President's oath. Without that one oath, the birth certificate would just be evidence of the obligation every U.S. citizen owes to the United States. Without that one oath, the birth certificate would not be evidence of the obligation the United States owes to the people. On the public side, the birth certificate represents value, and is evidence of a pledge by a U.S. citizen to be a surety for the United States. On the public side, it is security for the pledge of allegiance to the United States and its statutes, made by U.S. citizens. On the private side, it is a receipt, and is evidence of a promise made by the President to the people. On the private side, it is security for the promise of distributions from the trust to the people as beneficiaries. It is a receipt for the use of the baby's physical description that was symbolically delivered by an informant (Mom) to the United States. The setoff resulting from accepting an instrument for value is a distribution from the trust. Setoff = distribution.

Acceptance

When you accept for "value", you are accepting whatever consideration the United States has offered to you as evidence of an obligation it has to you as a beneficiary; as well as whatever consideration is offered on the instrument that is being transferred to you through the U.S. citizen you represent. The United States is humbling itself by asking you to give it assistance. It is applying for credit on every instrument that is issued or transferred for value. If you just receive one of these instruments without accepting it for value and returning it for value, the presumption is that you intend to pay it. You can pay it with a check, or you can pay it with your prepaid account. It is up to you, but you have to pay it immediately, or you will be deemed to be in dishonor. If you A4V, you can use a distribution from the trust to "pay" the instrument. If you just retain it or argue about the existence or amount of the request, you will pay it with a check, tangible property, or your body.

Did the United States offer a birth certificate to you? Did you receive it? Did you accept it for value and return it as a security? If you do not accept it for value and deposit it as an asset, you have voluntarily waived rights to a distribution that is available to you. In a purely commercial system, rights are remedies. Parties to a modern commercial transaction need remedies in the event one of them breaches the terms of the agreement. The birth certificate is a remedy, and represents an antecedent claim you have against the United States. It is also evidence of a preexisting contract. It represents the prepaid account you have available to you for setoffs. Acceptance is an agreement and leads to a binding contract. If you don't set the terms of that binding contract, the United States will.

> ***Acceptance.*** Acceptance by silence. *Acceptance of an offer not by explicit words but through the lack of an offeree's response in circumstances in which the relationship between the offeror and the offeree justifies both the offeror's expectation of a reply and the offeror's reasonable conclusion that the lack of one signals acceptance. * Ordinarily, silence does not give rise to an acceptance of an offer, but this exception arises when the offeree has a duty to speak.* Black's 7th

If an offeree has a duty to speak through an existing relationship, his silence is acceptance. Because of a presumption of the existence of a relationship, the offeror has a right to expect a reply from the offeree. When you send communications to officers of the United States, you are basing them on your presumption that they have a duty to respond. They do not respond based upon their presumption that they are not required to respond, because you are presumed to also be an employee of the United States. When they send communications to you, they are basing them on their presumption they you have a duty to respond, because you are the one representing that employee of the United States. You generally do not respond properly based upon your presumption that you are not required to respond. This is all a matter of perspective.

If you are acting like a U.S. citizen when you send your communications, they do not have to respond, and their silence is not acceptance. If you are acting like one of the people who are beneficiaries on the trusts established by the Constitution and by President Roosevelt, they do have a duty to respond, and their silence is acceptance of the terms of the offer you make in your communication. A man can refuse to approve the application for credit inherent in instruments issued for value by the United States, but that might imply the man is an enemy of the United States. That is not good. It might be better for the man to approve these credit applications through acceptance for value and return for value. By signing and processing them properly, the man can avoid a trading with the enemy charge, and at the same time fulfill a presumed moral obligation to aid and assist the United States in its time of emergency. Since 1933, the people have had a means by which they can have everything they want as beneficiaries of the trust created by President Roosevelt. A4V is a means by which the people can earn that beneficial position, if they want to. They are not required to earn it, but they can if they want to. That is a personal choice.

Offer and Acceptance and Counteroffer

To form a binding contract with the United States through offer and acceptance, someone must initiate the negotiations. Either they will initiate, or you will. The one who makes the offer is humbling himself and honoring the other party through the offer of something as consideration for the purpose of getting consideration from the other party. Consideration can be money, interest in property, or performance (energy), or anything that will support a simple contract. In modern commercial transactions, gold, silver, and things are not "value", but promises can be value. Interest in things is value. The consideration on both sides must be equal for the transaction to be balanced. Value on one side = value on the other side.

Your communication can establish by your actions (not your words) that you are one of the people. It should contain the instrument that was issued and transferred to you for value, after you have accepted it for value. It should say what consideration you are offering (A4V instrument) and what you are requesting as consideration in return (setoff = distribution from the trust). Public and private do not mix, so a request for a distribution from the trust would be like asking for skdueodhs. The public does not know anything about a distribution from the trust, but it does know about setoff, and securities, and entitlement holders, etc. Your communication should contain the terms of an agreement that will be a win-win situation. It should ask them to do something responsive to you as one of the people, not as a U.S. citizen; but it cannot contain too much truth. It should not contain anything that connects you to benefits granted by the United States. Those benefits might be use of United States statutes, use of United States courts, use of United States judges' opinions, use of United States currency, use of United States licenses, use of United States officers, use of United States civil rights, use of United States rules and regulations, use of United States forms, use of United States bonds, or use of United States insurance, to name a few.

Since 1933 American common law is not available to the people through the courts, but commercial remedies are available through the Post Office. Your communication should not contain anything that draws from common law remedies. The commercial remedies contain the principles of the common law that is needed to settle the account. The only system of commercial remedy available now is the law of nations, which is based on agreement using the Law Merchant. United States courts enforce agreements using the Law Merchant. You have the power to negotiate agreements that are advantages to you, or you can let the United States set the terms of the agreements. That is a personal choice.

Your communication should state the terms of the agreement you are offering to the other party, who must have a delegation of authority to represent the United States. Your communication should be directed to someone who is authorized to bind the United States. Low level employees of a corporation generally are not authorized to bind the corporation they represent; just as low level employees of the United States are not authorized to bind the United States. The President can bind the United States, and he has first level agents who have delegations of authority to do that on his behalf. They are the heads of at least three of the executive departments – Department of Homeland Security (legislative), Department of the Treasury (executive), and Department of Justice (judicial). This is a mini-government within a

government corporation. It governs under military rules using admiralty courts that implement the Law Merchant to satisfy the claims creditors have against debtors. Look for the Department of Homeland Security flag of jurisdiction at border crossings. It has a dark blue background with the circular seal of that department in the center.

Since none of the members of the legislatures or executive and judicial officers of the United States has the oath required by Article VI of the Constitution, the only way they would have a duty to you is through the oath of the President, the executive trustee on the trust created by the Constitution and the trust created by President Roosevelt. His position as President (Article 2 Section 1) comes in the Constitution before his position as Commander in Chief (Article 2 Section 2). His oath is required in Section 1, not Section 2. If you act like a surety for the United States instead of a beneficiary of the trust, his officers have no duty to speak, and their silence is not acceptance. If you act like a surety for the United States, you have a duty to speak, and your silence is considered to be acceptance. When the United States targets you to give it a loan, you can 1) not respond immediately and pay later, 2) refuse the instrument because it is defective, or 3) use your setoff as a distribution from the trust. You cannot use the setoff if you are holding the birth certificate in a filing cabinet. If all you have done is take the birth certificate, and have not paid (performed) when asked to pay, you have waived your beneficial interest in the trust and have agreed to be liable as a surety. That is a personal choice.

Acceptance for Value = Taken for Value

Issuing an instrument is not the same as issuing an instrument for value. Accepting an instrument is not the same as accepting an instrument for value. Generally, the issuer of an instrument is the one who has the duty to pay. If an instrument is issued for value, it appears its issuer is not actually a person entitled to enforce it, and may not even be a holder in due course of another enforceable instrument. He has no standing to demand payment or performance, but by issuing an instrument for value, he might be able to open a new account through the transferee's unqualified taking of the instrument. If the issuer can get the transferee to take the instrument with no conditions on the taking, the transferee is waiving the defects in the instrument he is taking. The main defect is that there is no consideration attached to the offer to contract. There is no value in it at the point it is issued. The issuer is looking for the transferee to provide the value. The issuer is looking for the transferee to provide the consideration for both sides of the transaction. By merely taking (accepting) the instrument, the transferee becomes an accommodation party. He receives no rights, no defenses, and no value for his agreement to lend his name and his credit to the transaction. He does not realize that there is a hidden value in the instrument that he can use to his advantage if he accepts it for value and returns it.

If the issuer succeeds in creating a new account (agreement) with the transferee, he might later be able to close that account through a forced payment or collection through a penal action in an administrative proceeding. The issuer has defenses if he issues the instrument for value, that he would not have if he had just issued the instrument. He has no authority to issue the instrument, so he has to issue it for value. He is giving a subtle notice by issuing it for value that the transferee has no legal duty

to pay or to contract. If the issuer were entitled to enforce the instrument, his instrument would refer to a preexisting contract in detail. Since the preexisting contract presumed to support this new simple contract is the application for the birth certificate, or a pledge of allegiance to the United States, or an application for a social security number, or an application for any number of other benefits granted by the United States, the new instrument must be issued for value. If he issues it referring to a nonexistent contract as its basis, he would not have defenses He would be acting outside his delegation of authority. It appears "for value" may be translated into "to get value" or "to get consideration". Example: The child acted out for attention, ie. to get attention. The man worked for money, ie. to get money. The issuer issues the instrument for value, ie. to get value.

The Black's 4th definitions indicate another word for acceptance is "taking".

> ***Acceptance.*** *The taking and receiving of anything in good part, and as it were a tacit agreement to a preceding act, which might have been defeated or avoided if such acceptance had not been made.* Black's 4th

Acceptance is tricky. No one is required to contract if he does not want to. Since there is a presumption that every man has previously agreed expressly or tacitly to be a surety for the United States, a naked acceptance appears to recognize that preceding act, whether it actually exists or not. The presumption can be defeated or avoided by not accepting (or taking) the offer. Not accepting is also tricky. If the presumption of suretyship is allowed to stand unrebutted, non-acceptance becomes acceptance. Acceptance puts the liability on the surety. A rebuttal must be through actions, not words. Acceptance for value and return for value is a rebuttal that overcomes the presumption. Refused for cause without dishonor does not overcome the presumption, but it does address defects in the instrument. If an instrument is refused for cause, it must address the right points, or the communication will be seen as a dishonor. It is an option, but it requires more understanding of statutes and rules of court than most people want to learn.

In 1966 the Oklahoma Supreme Court explained the importance of applying necessary elements to confirm that an instrument has been "taken for value".

> *The first requirement is that the instrument be taken "for value." It is clear that the defendant's checks were taken by the plaintiff for value. … Section 3-303 provides that a holder takes "for value" when it acquires a security interest in the instrument otherwise than by legal process. … In this analysis of the evidence we have concluded that under the Commercial Code, supra, in Oklahoma the plaintiff took the checks "for value" as a matter of law. … The jury should have been instructed as to each of these elements, and should have been advised that plaintiff had satisfied the first element of taking "for value." Some of the instructions given by the court indicated that taking for value was an issue, and the instructions went further and stated that the bank would be taker "for value" to the extent it had a security interest in the checks. … The element of "taking for value" was very material to the plaintiff's case.* Peoples Bank of Aurora v. Haar, *421 P.2d 817 (1966)*

This case was about negotiable instruments, so Article 3 of the commercial code controls the meaning of "value". The general definition of "value" in Article 1 does not apply generally to Article 3 Negotiable Instruments. A negotiable instrument can be a promise (a note) signed by a Maker, or it can be an order (a draft) signed by a Drawer. The person who is entitled to enforce the instrument is the one who decides if it is a promise or an order, unless its terms require it to be one or the other. This is a personal choice.

> *UCC 3-104. Negotiable instrument*
> *E. An instrument is a "note" if it is a promise and is a "draft" if it is an order. If an instrument falls within the definition of both "note" and "draft", a person entitled to enforce the instrument may treat it as either.*

> *UCC 3-103. Definitions*
> *A. In this chapter:*
> *3. "Drawer" means a person who signs or is identified in a draft as a person ordering payment.*
> *5. "Maker" means a person who signs or is identified in a note as a person undertaking to pay.*

The Oklahoma court referred to the Oklahoma commercial code as its source for determining if the checks had been "taken for value". As with the general definition of "value" given at 1-201(44) of the commercial code, it will require close scrutiny to understand the various applications of 3-303. A basic principle of the natural order of things is that contracts are not valid if consideration is lacking. Before 1933 gold and silver, things, and promises of performance (energy) were consideration. Consideration was and still is anything sufficient to support a simple contract. A simple contract does not have to be written, but can be. If a contract is written and is not under seal, it is generally a simple contract. A contract under seal, it is not a simple contract. A signature is not required on a simple contract. If you take gold, silver, and things away from the list of what is consideration, the only thing left to be consideration for a modern-day contract is a promise.

> *UCC 3-303 Official Comment*
> *The distinction between value and consideration in Article 3 is a very fine one. Whether an instrument is <u>taken for value</u> is relevant to the issue of whether a holder is a holder in due course. If an instrument is not issued for consideration the issuer has a defense to the obligation to pay the instrument. Consideration is defined in subsection (b) as "any consideration sufficient to support a simple contract." The definition of value in Section 1-201(44), which doesn't apply to Article 3, includes "any consideration sufficient to support a simple contract." Thus, outside Article 3, anything that is consideration is also value. A different rule applies in Article 3. Subsection (b) of Section 3-303 states that if an instrument is issued for value it is also issued for consideration.*

The Official Comment says – "If an instrument is not issued for consideration the issuer has a defense to the obligation to pay the instrument." The reverse of that

statement is – If an instrument IS issued for consideration the issuer has NO defense to the obligation to pay the instrument.

Articles 1, 2, 4, 5, 6, 7, 8, 9 value = consideration
Article 3 issued for value = issued for consideration

The issuer on a demand from the United States is acting as an agent of the United States. The issuer on such an instrument is the United States. **If the United States issues an instrument for value, the United States has no defense to the obligation to pay the instrument.** That only applies, however, if the transferee properly endorses the instrument and returns it to the issuer. The banker for the United States is the Secretary of the Treasury. He or his agent should receive the endorsed and returned instrument. At that point, it is treated like a check and can be deposited to settle an account in the accrual bookkeeping system.

Acceptance and Acceptance for Value are not the same thing. Accepting an instrument without a qualified endorsement waives all defects there may be in the instrument, including the value, or lack of value, that comes with it. Remember - the Official Comments for 3-303 say – "If an instrument is not issued for consideration the issuer has a defense to the obligation to pay the instrument." The reverse of that statement is – If an instrument IS issued for consideration the issuer has NO defense to the obligation to pay the instrument. If there is no value to support a demand instrument, it has to be issued to get value. A general acceptance of such an instrument successfully transfers the liability the instrument carries to the acceptor. Even if there is no value in the instrument for the acceptor to rely on, the acceptor is still liable. He has no defenses. He must pay it himself. Is he going to pay it with a check, or pay it with his prepaid account?

If the acceptor can see that the value is the commitment of the issuer to pay the instrument, then there is value in the instrument ------ as long as the instrument is accepted for that value!! Accepting an instrument for value and returning it is notice to the issuer that the endorser is not providing new value, but is converting the issuer's obligation to pay the instrument into the value, thereby making the instrument negotiable. The instrument becomes the payment.

At the point the instrument is issued for value, it is not a negotiable instrument. At that point the definition of "value" in Article 1 applies. After it is received by the target, it becomes negotiable. At that point the definition of value changes to fit Article 3. The instrument, being negotiable, can be enforced by either party depending on what the transferee does with it. If he just holds it or argues about it, the issuer (United States) is entitled to enforce the instrument. If he A4V, he is entitled to enforce the instrument. That is a personal choice.

It is better to be a holder in due course of an instrument than the liable party on an instrument. A holder in due course is entitled to enforce the instrument. One can be a holder of an instrument (a hot potato) without being a holder in due course. An instrument issued for value is a hot potato to a holder. A holder has liability. A holder in due course has rights, but cannot acquire that position on an instrument

issued and transferred for value, unless he "takes the instrument for value" as said in (3-302(A)(2)(a) below, and returns it for value. It is still a hot potato. To be a holder in due course, the holder must meet all the elements listed in 3-302.

> *3-302. Holder in due course*
> *A. Subject to subsection C of this section and section 3-106, subsection D, "holder in due course" means the holder of an instrument if:*
> *1. The instrument when issued or negotiated to the holder does not bear such apparent evidence of forgery or alteration or is not otherwise so irregular or incomplete as to call into question its authenticity;* ***and***
> *2.* ***The holder took the instrument****:*
> *(a)* ***For value****;*
> *(b) In good faith;*
> *(c) Without notice that the instrument is overdue or has been dishonored or that there is an uncured default with respect to payment of another instrument issued as part of the same series;*
> *(d) Without notice that the instrument contains an unauthorized signature or has been altered;*
> *(e) Without notice of any claim to the instrument described in section 3-306;* ***and***
> *(f) Without notice that any party has a defense or claim in recoupment described in section 3-305, subsection A.*

Negotiability

An instrument is not necessarily negotiable when it is issued, and the one who is holding it is not necessarily a holder in due course. All of the six requirements listed in 3-302(A)(2) must be met for one to be a holder in due course. The first is that the instrument be "taken for value". According to the Oklahoma case, UCC 3-303 says a holder takes "for value" when it acquires a security interest in the instrument otherwise than through a judicial proceeding. Make a note of this – It is the holder who acquires a security interest in the instrument, IF he takes the instrument for value. It is not the issuer who has the security interest; it is the holder. The issuer has the liability. The holder can waive the security interest with a blank endorsement, or accept it with a qualified endorsement. With a qualified endorsement, the holder is accepting the security interest, not the liability.

Judicial court orders can transfer rights in property, creating a security interest in the title to the subject property, but that is not how it works with an instrument that is issued for value. An order for a judicial court-created security interest is not the type of instrument that a transferee would take for value; but, an order for an executive court-created security interest is a type of instrument that a transferee would take for value. United States courts are not judicial courts; they are territorial courts and were created through Article 1 Section 8 Clause 9 by the power granted to the Congress to "constitute Tribunals inferior to the supreme Court". Their orders do not result in security interests through judicial proceedings.

A check is negotiable when it is transferred to a payee. It is a note because it is the Maker's promise to pay the Payee. It is also an order to a third party, so it is a

draft signed by a Drawer. A named third party, the Payer, on a negotiable instrument has a duty to pay it if he is a party to a preexisting arrangement with the Drawer to do so. On a normal check, a bank is the Payer. The Drawer is the party ordering the payment on a draft. The Payee negotiates the check by endorsing it and presenting it to a bank for deposit. If the Payee and the Drawer bank at the same bank, the bank where the check is deposited can also be the Payer. The Payee is usually a holder in due course. If the check is lost, a person who finds it is not a holder in due course and is not entitled to enforce the instrument. The one who endorses it takes on the liability if the bank where it is deposited cannot collect on it. He has recourse against the Drawer. A check is not an instrument that the Payee would take for value, but the bank where it is deposited might take it for value, in the event it believes there may be difficulty in collecting on it. If you endorse a check "without recourse", you are giving notice that you do not agree to take on the liability, but you may not be able to convince a bank to accept it with that qualified endorsement. If you endorse a check with just your signature and present it to a bank for deposit, you are giving your rights as holder in due course over to the bank. You are also agreeing to take on the liability for the tax on that instrument.

An IOU is not negotiable, because there is no third party. An IOU is a promise to pay, and is signed by a Maker. The holder of an IOU can only present it for collection to the Maker. Other instruments that are notes (promises) are not necessarily negotiable either. United States Notes (promises) were originally negotiable because the holder could take them to any federal reserve bank (third party) and redeem them for gold or silver. Federal Reserve Notes are obligations of the United States that are not negotiable. They are promises to pay. They are obligations that are not redeemable. See 12 USC 411 as amended.

Federal Reserve Notes are considered to be a benefit U.S. citizens get to use within the United States. A promise can be value. Suffering can be value. A benefit can be consideration sufficient to support a simple contract. Using Federal Reserve Notes is considered taking advantage of a benefit (consideration) in exchange for rights the United States has to enforce the terms of a preexisting citizenship contract (a pledge). That is the implied basis for its agents to issue bills (instruments) to U.S. citizens, but they have to be issued for value. The terms of that pledge are the hidden basis for issuing instruments for value. There is a default presumption that every U.S. citizen has made a pledge to the United States and its statutes. Other than the issuer's obligation to pay an instrument that is issued for value, there is no value in the instrument, when it is issued. It is not negotiable when it is issued. It is seeking a negotiable instrument. An issuer has a defense for issuing instruments without consideration, if they are issued for value, and a promise previously made by the transferee (U.S. citizen) is due and has not been performed. The payment on the national debt is always due and has not been performed.

If an employee of the United States transfers a bill (instrument) for value to a U.S. citizen, the man who represents him might recognize that the bill has been issued for value so he can accept it for value and return it for value to close the account on behalf of the U.S. citizen. The U.S. citizen has a legal duty to pay the bill, and the man has a moral duty to close the account. He can close the account if he first

accepts for value the bill that was issued for value. When he does that, he has provided sufficient consideration that is needed to balance the implied consideration that was provided by the issuer. It is like for like. He is actually providing the consideration for both sides of the transaction, ie. the accrual bookkeeping system.

The instrument that is issued for value is the debit side of an accrual account looking for the credit side. Everything is backwards. Usually you make a deposit (credit) to your checking account before you write a check (debit) against the account. You start with the credit and then you can authorize a debit by writing a check. In the commercial system used in the United States, the debit appears to come first and you have to supply the credit to make the debit possible. The instrument is the credit, and your endorsement makes it the debit. If you accept that credit for value and return it with a proper endorsement, the instrument balances the account. If you give it a blank endorsement by just holding it, you have to send the issuer another instrument as the credit. To be safe, one who receives an instrument that has been issued for value has to get rid of it as soon as possible. Whoever is holding it, is liable for it. It is a hot potato.

If the holder fails to recognize that it was issued for value and gives it a blank endorsement, he has become the responsible party replacing the issuer. He becomes the issuer and transferor with the obligation, and the original issuer becomes the transferee. He has to supply the consideration to fund the instrument and close the account. He can do this by writing a check on an open bank account with sufficient funds and sending his check with the bill to the issuer. He can minimize or eliminate that liability by giving the instrument a qualified endorsement (A4V) and giving notice that the one taking the instrument from him has no recourse against him if the instrument ends up being uncollectible. It is uncollectible until he gives it some value. It was issued for value, ie. to get value, and it does get value when it is properly endorsed. The question is – who is entitled to enforce the instrument? – the original transferor or the original transferee? This is a personal choice.

Without Recourse

Mortgage companies endorse promissory notes issued by borrowers with the words – *Without recourse pay to the order of ABC Mortgage Company* – above the endorsement signature. That is a qualified endorsement. If ABC can get a third party to accept that paper under the conditions of the endorsement, the third party cannot go to ABC to enforce the instrument. Mortgage companies are almost always affiliated with a bank that will accept this kind of paper. "Without recourse" gives notice of non-acceptance of liability on the instrument. If the third party ever wants to seize the security supporting the instrument, it must skip ABC and go to the borrower who issued the instrument to ABC, who took the instrument in good faith and transferred it to the third party, who also took it in good faith. The security that backs the instrument stays attached to the instrument. A4V is a qualified endorsement. Adding the words – *without recourse* – takes you out of the picture as a responsible party. You are not an accommodating party if you use *without recourse* in your endorsement.

When an instrument is issued for value and accepted for value without recourse and returned for settlement and closure of the account, the third party (the Secretary of the Treasury = banker) has no recourse against the endorser. One might think that is good, but there is one more thing to consider. The people in the several states formed a society built on service. If you do not want to be part of that service plan, you can take yourself out of the transaction through the without recourse endorsement. If you want to be of service to the United States, and be seen as an ally, it might be good to agree to be responsible to aid and assist the United States in acquiring funds to pay its debt. It is up to you, but be fully informed and know exactly who you want to be before you endorse an instrument that is issued or transferred for value. This is a personal choice.

> *UCC 3-415. Obligation of indorser*
> *A. Subject to subsections B, C, D and E of this section and to section 3-419, subsection D, if an instrument is dishonored, an indorser is obliged to pay the amount due on the instrument according to the terms of the instrument at the time it was indorsed, or if the indorser indorsed an incomplete instrument, according to its terms when completed, to the extent stated in sections 3-115 and 3-407. The obligation of the indorser is owed to a person entitled to enforce the instrument or to a subsequent indorser who paid the instrument under this section.*
> *B. If an indorsement states that it is made "without recourse" or otherwise disclaims liability of the indorser, the indorser is not liable under subsection A of this section to pay the instrument.*
>
> *47-3419. Instrument Signed for Accommodation.*
> *(d) If the signature of a party to an instrument is accompanied by words indicating unambiguously that the party is guaranteeing collection rather than payment of the obligation of another party to the instrument, the signer is obliged to pay the amount due on the instrument to a person entitled to enforce the instrument only if (i) execution of judgment against the other party has been returned unsatisfied, (ii) the other party is insolvent or in an insolvency proceeding, (iii) the other party cannot be served with process, or (iv) it is otherwise apparent that payment cannot be obtained from the other party.*

An accommodation party (U.S. citizen who accepts an instrument that is issued and transferred for value) is presumed to guarantee collection, as well as payment of the obligation of another party to the instrument. The accommodation party is only obligated to pay the instrument if one of the four criteria is met. One of them is that the other party (the one obligated on the instrument = United States) is insolvent or in an insolvency proceeding.

The issuer usually has the obligation to pay the instrument. Since he would be paying himself if the instrument is issued and transferred for value, and then accepted for value and returned for value, the circuity of the transaction results in a debit and a credit. That makes for a balanced account. Without the transferee's blank endorsement, the project does not work. Liability is not transferred. The issuer of an instrument that is issued for value has defenses; but if it is A4V and returned for

value, the issuer has no defenses. The issuer does not need defenses, if he closes the account, but if he does not want to give up, he could issue a second instrument for value to see if the endorser on the first one might change his mind and agree to take liability on the second one. An instrument issued for value could be a tax bill, or a complaint, or a penal action "indictment" on which the United States is the issuer and the liable party.

Issued or Transferred for Value – UCC 3-303

Under the definition of "value" in 1-201(44), a person gives value for rights if he acquires rights through several means listed in the subsections. A person gives value in return for any consideration sufficient to support a simple contract. Under Article 3 dealing with negotiable instruments, an issuer does not have to give value if he issues an instrument for value.

> *UCC 3-303 Official Comment*
> *Thus, outside Article 3, anything that is consideration is also value. A different rule applies in Article 3. Subsection (b) of Section 3-303 states that if an instrument is issued for value it is also issued for consideration.*

> *UCC 3-303. Value and consideration*
> *A. An instrument is issued or transferred for value if:*
> *1. The instrument is issued or transferred for a promise of performance, to the extent the promise has been performed;*
> *2. The transferee acquires a security interest or other lien in the instrument other than a lien obtained by judicial proceeding;*
> *3. The instrument is issued or transferred as payment of, or as security for, an antecedent claim against any person, whether or not the claim is due;*
> *4. The instrument is issued or transferred in exchange for a negotiable instrument; or*
> *5. The instrument is issued or transferred in exchange for the incurring of an irrevocable obligation to a third party by the person taking the instrument.*
> *B. "Consideration" means any consideration sufficient to support a simple contract. The drawer or maker of an instrument has a defense if the instrument is issued without consideration. If an instrument is issued for a promise of performance, the issuer has a defense to the extent performance of the promise is due and the promise has not been performed. If an instrument is issued for value as stated in subsection A, the instrument is also issued for consideration.*

This section explains how an instrument is issued for value and transferred for value. There is no comma before the "or", so "or" can mean "and" or "or". The issuer is the party who is liable on an instrument until he can transfer his liability to another party.

> *UCC 3-105. Issue of instrument*
> *A. "Issue" means the first delivery of an instrument by the maker* [on a note – promise] *or drawer* [on a draft-order], *whether to a holder or nonholder, for the purpose of giving rights on the instrument to any person.*

The issuer of an instrument intends to give rights on the instrument to another person. That other person might be you if you endorse it properly. UCC 3-303 explains how the person you represent in commerce in the United States can start out being a target and end up being the one entitled to enforce the instrument.

> *UCC 3-103. Definitions*
> *A. In this chapter:*
> *3. "Drawer" means a person who signs or is identified in a draft as a person ordering payment.*
> *5. "Maker" means a person who signs or is identified in a note as a person undertaking to pay.*

An instrument can be issued and transferred for value to a holder by a drawer (if it is an order), or by a maker (if it is a promise). The transferee has to decide if the instrument is an order or a promise. If he understands his options, it would be better for him to make the instrument a promise. Then the issuer has an obligation to pay. The currency of the United States is based on promises, which are agreements. United States courts enforce agreements. Both parties can proceed on the basis of a simple contract. A simple contract does not have to be written, and does not require a signature. The transferee's signature will be presumed if it is not actually given.

If you want to contract with someone, you can send him an offer to contract to see if he wants to contract with you and if he accepts your terms. If he does not want to contract, he can return your offer and decline to contract. That is called non-assumpsit, or "I do not undertake". Assumpsit is an implied agreement to contract; thus, a simple contract. If he does want to contract with you but not on the terms you proposed, he can return the contract with different terms for your signature. You can terminate the negotiation by non-assumpsit at that point or propose different terms and return the contract for his signature. If one party decides to terminate the negotiations, he just returns the contract with no signature. That is the scenario if the parties do not already have an obligation to contract. If the transferee has an obligation based on a preexisting contract (signed or not), he has a duty to respond and may have a duty to respond in a certain way. The lowest position is the one who has a duty to pay because of a preexisting agreement.

Through citizenship, you are presumed to be in that position as a surety for the United States on the national debt, through a presumed promise of performance on a simple contract. A tax bill can be an instrument issued for value and delivered with the intent of transferring the liability of the national debt to the transferee. A civil complaint and a penal action "indictment" are also instruments that can be handled the same way. They are all looking for someone to accept liability. The following explains the first subsection of UCC 3-303.

> *UCC 3-303. Value and consideration*
> *A. An instrument is issued or transferred for value if:*
> ***1. The instrument is issued or transferred for a promise of performance, to the extent the promise has been performed;***

B. … If an instrument is issued for a promise of performance [to a U.S. citizen], *the issuer* [United States] *has a defense to the extent performance of the promise is due and the promise has not been performed.*
If an instrument is issued for value as stated in subsection A, the instrument is also issued for consideration.

Subsection B says the issuer has a defense if he issues an instrument for value and the promise is due and has not been performed, but if he issues it for value and the promise has not been performed because it is not due, he has no defense. If he issues an instrument and there is no promise, he has no defense. If a stranger is sent an instrument that is issued for value, and he does not pay it, he is not in default because he has no duty to pay it. If a surety is sent an instrument that is issued for value, and he does not pay it, he is in default and is in breach of his agreement to be surety. If performance is due and has not been performed, the agent issuing and transferring the instrument for value has a right to pursue collection. If you are presumed to be a surety for the United States through U.S. citizenship, and if an agent for the United States sends you a bill, what are your options? If you act like a surety, you have to pay. If you do not think you are a surety, you can refuse it for cause, but if you have done things in the past that make it look like you are a surety, refusal for cause is not the best option. If you are a stranger and you pretend to be a surety and "pay" the instrument using a security you have registered with a fiduciary in the United States, you are not in default.

3-303 says "An instrument is issued or transferred for value if the instrument is issued or transferred for a promise of performance, to the extent the promise has been performed." It sounds like the instrument is a receipt for performance of a promise that has already been done. Why would one argue about receiving a receipt? This is a bifurcated statement. The first part says the instrument is issued for value, ie. to get value. The value being sought is a new promise of performance. The second part of the statement admits a promise has already been performed. Under the fiction that you have previously set up the person you represent as a surety, the United States is putting the best construction on the instrument. The issuer is assuming the promise of suretyship that has already been made will be performed on this new request. Now it is time to put up or shut up.

The principle of suretyship is not difficult to understand. Being a surety is not a one way street like being an accommodating party. An accommodating party lends his name and his credit to another person, but gets nothing in return. One who agrees to be a surety for another party would receive an asset from the one asking the surety for this service. For example, an officer may need two sureties before he can commence his official duties. He would find two people who agreed to be his sureties. They would sign a document (perhaps a bond) as sureties for the officer. The officer would give the sureties an asset, like a deed of trust, as a security for them in the event they would be required at some time to pay a debt for the officer. If the officer were a tax collector, and he died, all of his accounts would have to be settled. If there were no money in his accounts to payover the taxes he had collected, his personal property would be used to settle that debt. The United States and its creditors do not want to spend the time or money to liquidate the dead officer's

personal property, so they just go to the sureties to collect. The sureties are required to pay immediately. Then the sureties, as holders in due course of the deed of trust, have the right to enforce the deed. They can sell the real property connected to that deed of trust, so they can be reimbursed. The dead officer's heirs cannot claim a right to that property, because the deed of trust the sureties hold is an enforceable instrument.

Sureties for the United States have the same options. Since the sureties are fictions, the people who represent those sureties can opt to use their pre-paid account to "pay" when they receive instruments that are issued and transferred to them for value. They do not have to pay with their public deeds, accounts, and cash of the persons they represent. If they do pay with public currency, they have the right to be reimbursed. If they opt to use their pre-paid account, they use the Secretary of the Treasury to setoff the debt. Either way, the surety stays in honor and performs according to his promise.

You have to make a choice. No action is a choice to be a surety, and to pay with public deeds, accounts, or cash. Do you want to try to prove you are not a U.S. citizen and a surety for the debt the United States owes its creditors? "I am not that person," is a defense many people have tried to use in the past with little success. Do you want to try to prove (as a presumed U.S. citizen and surety for the national debt) that you don't have to pay the instrument? Would it be easier to help them close that account? Suretyship is a fiction. It is based on an implied promise. If you were born on the land in Montana, you are one of the beneficiaries on the trusts created by the Constitution and President Roosevelt. Do you want to try to prove that in one of their penal action courts? That might be too much truth for a fiction court to deal with. That is also a defense that has been tried with little success.

The obligation the United States owes to you is based on a promise that is better than an implied promise. You have a certified copy of the security that acknowledges the obligation the United States owes to you. It evidences a promise even though the terms are implied and not actually expressed on the face of the birth certificate. Would it be easier to use one implied promise to set off another implied promise? If you accept their offer for value and return it for value, at least you have not given them an implied general acceptance of liability. If you are going to accept their offer, would it be better to do it on your terms? Fighting with them has not resulted in much success in the past. Is it possible it will be easier to close the account by going along with their implied contract (promise), bringing in another implied contract (promise), and letting them use you to close their books? This is a personal choice.

The second subsection of 3-303 deals with a security interest that is inherent in every instrument that is issued and transferred for value.

> *UCC 3-303. Value and consideration*
> *A. An instrument is issued or transferred for value if:*
> ***2. The transferee acquires a security interest or other lien in the instrument other than a lien obtained by judicial proceeding;***

The transferee is the person to whom the instrument is delivered. It is the transferee who has the option of acquiring a security interest in the instrument that was delivered to him. A hundred years ago if a man borrowed 200 dollars from a bank, he would receive 200 dollars of silver or its equivalent in bank notes. That would be the bank's consideration. The man would sign a note and give it to the bank. That would be the man's consideration. The bank acquired a security interest in a thing – maybe the man's farm, not through judicial proceeding, but through the intentional action of the man. If the man did not repay the 200 dollars, his note would be evidence of the promise that he had breached. The bank could send the man a demand for payment. That demand for payment would NOT be an instrument issued for value, because the bank actually had the man's written and intentional promise. The man did NOT acquire a security interest in the demand instrument from the bank. The man could NOT accept that demand for value and return it for value to settle the account.

In today's commercial system, when Mr. Tax Man (an agent for the United States) sends a U.S. citizen a demand for payment, he does not have a man's intentional written promise to pay. He has to issue the instrument for value; and the transferee automatically acquires a security interest in the instrument. This security instrument is not obtained by judicial proceeding. Assuming the transferee accepts the instrument and does not pay it, the United States becomes the transferee and acquires a security interest in the instrument. The positions switch. It is assumed the transferee has given it a blank endorsement via his unqualified acceptance (his silence) and then issued the instrument back to the United States. The new issuer is obligated to pay the instrument. If he had recognized the instrument as one that was issued for value, he would have known he had to A4V and return it for value to give notice he intended to enforce his security interest in that instrument.

Even when the United States gets a judgment in its favor from a United States court, it does not acquire a security interest through judicial proceeding. United States courts are executive courts and have no authority to issue judicial orders. If an appeal on an administrative order based on an instrument that had been issued for value and A4V were properly brought in an actual judicial court, the judicial court would have to rule in favor of the petitioner, but that will not happen. There are administrative procedures to settle these cases before they get to a judicial court. Some CID offices are appeals offices, and the officers who work there have the authority to investigate the facts of a commercial settlement, and actually do the accrual bookkeeping and close the accounts. If the appeals office does not close the account, or if it closes the account but does not give notice to the parties and the public, there is a higher office that can handle an appeal from an appeals office action or inaction. Every agency of the United States has an Inspector General who has a duty to detect and prevent fraud, waste, and abuse. If the facts of your settlement get to his office, his position as a direct appointee of the President requires him to assure there is no fraud, no waste, and no abuse. The book *39 IRS Arguments that Don't Work and Why* explains Inspector General functions in more detail. It can be found on www.lulu.com.

A corporation issuing a stock certificate, bond, or other security is obligated to pay the instrument. The corporation (issuer) is liable to pay according to the terms of the certificate, bond, or other security, which are instruments that might be negotiable, or they might be non-negotiable, at the time they are issued. If an instrument is intended to be negotiable, a third party must enter the process. A promissory note for a mortgage is issued by a borrower, who is the maker. It appears to be a two-party instrument, like an IOU. The maker usually does not expect his note to be negotiated, but it is. He is making a promise and giving the legal description of the land he is buying as security for his promise. He necessarily must already have an interest in the legal description through the purchase agreement, for him to be able to pledge that legal description on a deed of trust, as security for his promissory note. The deed of trust is an unnecessary component of the loan process, because the promissory note is sufficient to fund the loan. The promissory note is given by the borrower to the "lender", which becomes the transferee and acquires a security interest in the note and in the legal description pledged as security. The lender is not obtaining a security interest through judicial process. It acquires the security interest in the instrument through voluntary transfer by the borrower. The security interest is the value. The promise is value. The subsequent payments are value. The subsequent seizure of the property in foreclosure is value. The borrower is supplying all the value. The maker on the promissory note is expecting to receive value from the lender, and the lender is expecting to receive rights in the property being pledged as security for the loan. The lender negotiates the note and transfers its rights and obligations in the note to a bank (a third party) that takes the note for value along with rights in the security. The definition of value in Article 1 of the UCC used that process as one of the examples of "value".

UCC 1-201(44) … a person gives "value" for rights if he acquires them:
(b) <u>As security</u> for or in total or partial <u>satisfaction</u> of a <u>preexisting claim</u>;

Both parties to an instrument give value and get rights. A lender gives value to the borrower in the form of banking services, in exchange for rights the lender receives in the promissory note. The borrower gives value to the lender in the form of a man's signature, in exchange for rights to use currency in the public. The birth certificate is an instrument that gives value in exchange for rights. It is also an instrument that is issued based on value received, and represents rights that are given back in exchange. Rights in the birth certificate as a security are only available to the man on the public side, but he needs a fiduciary on the public side to hold the security for him. The man cannot use the birth certificate on the public side. He is substance, and the public side is fiction. He cannot go there.

The birth certificate is an instrument that is seen from two different perspectives. From the public side, the birth certificate is a security interest in the labor of the U.S. citizen the certificate represents, based on the U.S. citizen's pledge to the United States. From the private side, the birth certificate is a security interest in distributions from the trusts established by the Constitution and by President Roosevelt in 1933. On the public side, the United States has an antecedent claim against the U.S. citizen's labor through the preexisting contract (pledge). On the private side, the man

has an antecedent claim against the United States through the preexisting contract (Constitution and the Article VI and Article II oaths).

Mortgage notes disclose the existence of an antecedent claim with the words "For a loan I have received …" in the first line of the borrower's written promise. The borrower has not received a loan at that point, but nonetheless he is promising to pay on some preexisting loan (national debt) on every mortgage note he signs. A man gives value through his signature on a note, in exchange for rights to future setoff. He acquires his right to future setoff as security for or in partial satisfaction of a preexisting claim he has through his position as beneficiary on the trusts created by the Constitution and President Roosevelt. It is this beneficiary position that you are using when you A4V. There is no value in an instrument that is issued for value when it is issued. It is issued to get value. An instruments that are issued for value is very different than the kind of instrument you sign as a borrower. You are providing value in your instrument at least twice. You are giving the other party a written promise to pay and putting up security (legal description), and you are admitting you have already received a loan. In an instrument that is issued for value by the United States, there is no express promise to pay you, and there is no security given to you when you receive it. The only way you can make that instrument payable to you is to A4V so you can enforce your security interest in that instrument.

When an instrument is issued by an agent of the United States based only on an implied promise, it has to be issued for value, or the issuer would have no defenses against a claim of fraud or abuse. The transferee has a security interest in the instrument if the issuer cannot produce an antecedent claim based on a preexisting contract, which the issuer cannot do. If he could, it would not be issued for value. If the instrument is not accepted for value, and then returned for value, the transferee waives his security interest in the instrument and waives his position as holder in due course with the right to enforce the instrument. The issuer has the liability until someone else takes on the liability. That is supposed to be the transferee, if the agent's plan works.

Transfer means moving something by a transferor to a transferee; from one place to another place. In commerce, a transferor is usually attempting to transfer his liability to the transferee, which is fine if he is also transferring the security interest along with the liability. In the United States, it is presumed the transferee (U.S. citizen) has an obligation on a preexisting contract (pledge) to pay an instrument as the result of another party (international bankers) having a direct or indirect antecedent claim against the transferee. It could even be a preexisting claim against the transferee's (U.S. citizen's) creditor (United States).

This is where "public" and "private" become hazy. When the United States is dealing with its sureties (U.S. citizens), you are looking at a public relationship controlled by public policy. The people are not under public policy. France is not under public policy of the United States either. When the federal United States is dealing with the country of France, the relationship is governed by the laws of nature. It is by private agreement. When corporate United States is dealing with corporate France, the relationship is governed by the Law Merchant. That is also by private

agreement, but under a different set of laws. When the United States is dealing with its creditors, you are looking at a private relationship between corporate United States and other corporate persons that supposedly made loans to corporate United States. The Law Merchant governs commercial actions among corporate nations. It is public law, but the law of the individual contracts corporate United States has with those other corporate persons, is private law. When the national United States is dealing with its corporate subdivisions (State of ___), that relationship is governed by public law. The law of the contracts corporate United States has with its corporate subdivisions is administered by public policy. The law of the relationship the national United States has with its officers, agents, and employees is controlled by public law through statutes. The law of the relationship between the federal government and the people in the several states is the Constitution. This is a private arrangement. The people cannot have public contracts with corporate United States. They already have a private arrangement that puts the people as beneficiaries, and the President as the executive trustee. These are all relationships that are governed by some kind of law; often a law that is not even considered by one of the parties.

People – people = private law (agreements)
Several States – people = private law (state constitutions)
Federal United States – people = private law (Article VI oaths)
U.S. citizens – people = private law (agreements)
Corporate United States – people = private law (agreements)
International lenders – people = no relationship
Federal United States – several states (Ohio) = private law (Constitution)
Federal United States – other countries = private law (treaties)
Corporate United States – international lenders = private law (agreements)
Federal United States – foreigners = private law (law of nature and nature's God)

National United States – U.S. citizens = public law (statutes)
National United States – members States (State of Ohio) = public law (statutes)
Corporate United States – other nations = public law (international Law Merchant)
National United States – foreigners = public law (international Law Merchant)

Technically, a U.S. citizen has no direct obligation to the international bankers, so their presumed claim against the U.S. citizen is initially a failure. If the United States can get its surety (U.S. citizen) to acknowledge the claim being made by the international creditors, through the process of novation, the objective can be accomplished; the objective being that the U.S. citizen has voluntarily taken on the liability of the national debt. That is going to be in the capacity of 1) an accommodation party, or 2) a surety. Sureties have rights; accommodating parties don't. That would be a political election, and only the person can make that choice. Since you are representing a U.S. citizen, it is your choice.

When the transferee receives an instrument issued and transferred for value, he has options. He can 1) accept it and pay it, 2) refuse it for cause and return it, or 3) accept it for value and return it as payment. The transferee gets an implied security interest (consideration) that he can enforce against the security the issuer is supposed to be passing on to the transferee. By operation of law, the instrument must carry the issuer's obligation to pay it.

UCC 3-303 Official Comment
If an instrument is not issued for consideration the issuer has a defense to the obligation to pay the instrument.

UCC 3-303 Official Comment
Thus, outside Article 3, anything that is consideration is also value. A different rule applies in Article 3. Subsection (b) of Section 3-303 states that if an instrument is issued for value it is also issued for consideration.

To avoid fraud, the instrument has to be issued for value. It gives the transferee (a U.S. citizen) a security interest in the instrument. The only piece of paper a man has the is proof of the security interest he has is the birth certificate. It has no value on the private side, but it does on the public side if he deposits with an appropriate banker, who can then be the man's securities intermediary, and the man can be the entitlement holder. This is explained in UCC Article 8 in the 500 series. The following insert is taken from Wikipedia, an online dictionary.

Operation of law *- The phrase "by operation of law" is a legal term that indicates that a right or liability has been created for a party, irrespective of the intent of that party, because it is dictated by existing legal principles. …*
Events that occur by operation of law do so because courts have determined over time that the rights thus created or transferred represent what the intent of the party would have been, had they thought about the situation in advance; or because the results fulfilled the settled expectations of parties with respect to their property; or because legal instruments of title provide for these transfers to occur automatically on certain named contingencies.
Rights that arise by operation of law often arise by design of certain contingencies set forth in a legal instrument.
Rights or liabilities created by operation of law can also be created involuntarily, because a contingency occurs for which a party has failed to plan (e.g. failure to write a will); or because a specific condition exists for a set period of time (e.g. adverse possession of property or creation of an easement; failure of a court to rule on a motion within a certain period automatically defeating the motion; failure of a party to act on a filed complaint within a certain time causing dismissal of the case); or because an existing legal relationship is invalidated, but the parties to that relationship still require a mechanism to distribute their rights (e.g. under the Uniform Commercial Code, where a contract for which both parties have performed partially is voided, the court will create a new contract based on the performance that has actually been rendered and containing reasonable terms to accommodate the expectations of the parties).
Because title to property that arises by operation of law is usually contingent upon proof of certain contingencies, and title records may not contain evidence of those contingencies, legal proceedings are sometimes required to turn title that arises by operation of law into marketable title.

Your Order that the birth certificate be deposited by a securities intermediary makes it a security. It appears that the birth certificate is not an actual security until it passes to a second holder, ie. from the issuer (State of ___) to the Department of Commerce of the United States. The United States uses the certificate until you decide you want to use it. You have the priority right to it as a security for the obligation the United States has to you. It was issued to you.

> *UCC 8-102(a)(15) "**Security**," except as otherwise provided in Section 8-103, means an obligation of an issuer or a share, participation, or other interest in an issuer or in property or an enterprise of an issuer:*
> *(i) which is represented by a security certificate in bearer or registered form, or the transfer of which may be registered upon books maintained for that purpose by or on behalf of the issuer;*
> *(ii) which is one of a class or series or by its terms is divisible into a class or series of shares, participation, interests, or obligations; **and***
> *(iii) which:*
> *(A) is, or is of a type, dealt in or traded on securities exchanges or securities markets; **or***
> *(B) is a medium for investment and by its terms expressly provides that it is a security governed by this Article.*

Depositing the birth certificate (security) makes the secretary of the treasury a securities intermediary.

> *UCC 8-102(a)(14) "**Securities intermediary**" means*
> *(i) a clearing corporation: or*
> *(ii) a person, including a bank or broker, that in the ordinary course of its business maintains securities accounts for others and is acting in that capacity.*

He is holding something of value (a financial asset = birth certificate = security) in a securities account for you.

> *UCC 8-501*
> *(a) "**Securities account**" means an account to which a financial asset is or may be credited in accordance with an agreement under which the person maintaining the account undertakes to treat the person for whom the account is maintained as entitled to exercise the rights that comprise the financial asset.*
> *(b) Except as otherwise provided in subsection (d) and (e), a person acquires a security entitlement if a securities intermediary:*
> *(1) indicates by book entry that a financial asset has been credited to the person's securities account;*
> *(2) receives a financial asset from the person or acquires a financial asset for the person and, in either case, <u>accepts it for credit to the person's securities account</u>; or*
> *(3) becomes obligated <u>under other law</u>, regulation, or rule to credit a financial asset to the person's securities account.*

His acceptance of your financial asset makes you an entitlement holder with a securities entitlement.

> *UCC 8-102(a)(9) "**Financial asset**," except as otherwise provided in Section 8-103, means:*
> *(i) a security;*
> *(ii) an obligation of a person or a share, participation, or other interest in a person or in property or an enterprise of a person, which is, or is of a type, dealt in or traded on financial markets, or which is recognized in any area in which it is issued or dealt in as a medium for investment; or*
> *(iii) any property that is held by a securities intermediary for another person in a securities account if the securities intermediary has expressly agreed with the other person that the property is to be treated as a financial asset under this Article.*
>
> *UCC 8-102(a)(17) "**Security entitlement**" means the rights and property interest of an entitlement holder with respect to a financial asset specified in Part 5.*
>
> *UCC 8-102(a)(7) "**Entitlement holder**" means a person identified in the records of a securities intermediary as the person having a security entitlement against the securities intermediary.*
> Official Comment
> *Because many of the rules of Part 5 impose duties on securities intermediaries in favor of entitlement holders, the definition of entitlement holder is, in most cases, limited to the person specifically designated as such on the records of the intermediary. The last sentence of the definition covers the relatively unusual cases where a person may acquire a security entitlement under Section 8-501 even though the person may not be specifically designated as an entitlement holder on the records of the securities intermediary.*

You can give him another bond written against the security (bond = birth certificate) he is holding. A promissory note can be written against the bond that is written against the security. Such a promissory note would be an order from the entitlement holder to the securities intermediary to use the security he is maintaining for a specific purpose.

> *UCC 8-102(a)(8) "**Entitlement order** " means a notification communicated to a securities intermediary directing transfer or redemption of a financial asset to which the entitlement holder has a security entitlement.*
>
> *UCC 8-505. **Duty of Securities Intermediary with Respect to Payments and Distributions.***
> *(a) a securities intermediary shall take action to obtain a payment or distribution made by the issuer of a financial asset. A securities intermediary satisfies the duty if:*

(1) the securities intermediary acts with respect to the duty as agreed upon by the entitlement holder and the securities intermediary; or

(2) in the absence of agreement, the securities intermediary exercises due care in accordance with reasonable commercial standards to attempt to obtain the payment or distribution.

(b) A securities intermediary is obligated to its entitlement holder for a payment or distribution made by the issuer of a financial asset if the payment or distribution is received by the securities intermediary.

Since securities intermediaries have obligations to entitlement holders, the securities intermediaries must have capacity to act. That is done under the premise that a securities intermediary is declared in the commercial code to be a purchaser for value. The indirect holding system of the United States would not function as expected if the securities intermediary did not have capacity to act. Without the rights of an owner or a purchaser, the securities intermediary would be powerless to act in the intended manner.

UCC 8-116 ***Securities Intermediary as Purchaser For Value***

A securities intermediary that receives a financial asset and establishes a security entitlement to the financial asset in favor of an entitlement holder is a purchaser for value of the financial asset.

Official Comment

This section is intended to make explicit two points that, which implicit in other provisions, are of sufficient importance to the operation of the indirect holding system that they warrant explicit statement.

First, it makes clear that a securities intermediary that receives a financial asset and establishes a security entitlement in respect thereof in favor of an entitlement holder is a "purchaser" of the financial asset that the securities intermediary received.

Second, it makes clear that by establishing a security entitlement in favor of an entitlement holder a securities intermediary gives value for any corresponding financial asset that the securities intermediary receives or acquires from another party, whether the intermediary holds directly or indirectly.

…

In many cases a securities intermediary that receives a financial asset will also be transferring value to the person from whom the financial asset was received. That, however, is not always the case.

Payment may occur through a different system than settlement of the securities side of the transaction, or the securities might be transferred without a corresponding payment, as when a person moves an account from one securities intermediary to another.

Even though the securities intermediary does not give value to the transferor, it does give value by incurring obligations to its own entitlement holder. Although the general definition of value in Section 1-201(44)(d) should be interpreted to cover the point, this section is included to make this point explicit.

If the transferee actually is a party to a preexisting contract, he must pay it or refuse it for cause, due to some defect in the collection process. Even if he is presumed to be a party to a preexisting contract, he has the option of renegotiating the terms of that contract, or introducing a new contract. If he just accepts the instrument and does not timely 1) pay it or 2) refuse it for cause and return it, he is in default. The reason he can refuse it for cause and return might be that there is some doubt as to whether the transferee is actually liable for an antecedent claim on a preexisting contract. There is also some doubt that the proper procedures were used to transfer the debt to the transferee.

Option 1 requires the transferee to part with possessions, such as cash, digits in a bank account, or titles to things. Option 2 requires the transferee to understand a great deal about court procedures and the ability to think on his feet if he participates in a court proceeding. Option 2 is very useful to those who have learned the mechanics of the administrative courts. It is also useful if the transferee starts an immediate dialogue with the issuer as soon as the instrument is delivered. The focus for this option must be on due process. It cannot present arguments about the existence of the obligation or the amount of the obligation, but can present questions about proper collection procedures. Option 3 requires knowledge of who you are and how to enforce your rights.

If the instrument is issued for value, it can be accepted for value because it comes with a security interest built into the instrument. If the transferee accepts the instrument for value and returns it for value, he is acknowledging the instrument was issued for value. He is informing the issuer that he intends to renegotiate the terms of the implied simple contract (that he is a surety) or introduce terms for a new contract. On a new contract, the issuer can be made to acknowledge that he is liable for the instrument he issued. If the issuer has defenses, he will be OK. An issuer's defenses normally would be the record of the antecedent claim on the preexisting contract, but he might have to produce it. Since it is a simple contract, it will be difficult to produce. The evidence of that simple contract is signed applications for the birth certificate, for the social security number, for licenses, for passports, for permits, for bank accounts, etc. If the preexisting claim resulted from an implied contract that the transferee is a surety, the issuer will not want to produce it. If the United States issues and transfers an instrument for value, it runs the risk of having it returned for value, putting the liability back on the United States, which has no choice but to close the account. It has no actual antecedent claim based on a preexisting contract.

The issuance of an instrument with nothing to base it on, normally would be a violation of commercial principles and would be fraud, but under Article 3, an instrument can be issued for value to avoid the normal penalty for fraud. It is the transferee's choice as to how it will all turn out. He determines if the instrument is a promise or an order, if it is negotiable or non-negotiable, and if it is a payment or a security for an antecedent claim he has against the issuer, or if it is a security for an antecedent claim the issuer has against him. His endorsement will inform the issuer of what he intends to do. He has the option of accepting it for value and settling the account to close the books. He can even send an additional promissory note with the return of the instrument he has accepted for value. It would not hurt for him to do

this, so the United States does not suffer because of the actions of one of its agents. If he refuses the instrument for cause and returns it, it is possible one of those agents will cause the United States to suffer a financial loss. It might be better to be seen as one who aids and assists the United States in its time of emergency, rather than one who does not.

Subsection 3 of 3-303 deals with options the transferee has when an instrument is issued for value and transferred for value to him.

UCC 3-303. Value and consideration
A. An instrument is issued or transferred for value if:
3. The instrument is issued or transferred as payment of, or as security for, an antecedent claim against any person, whether or not the claim is due;

UCC 3-303 says an instrument is issued or transferred for value if it is issued or transferred 1) as if it were a payment of, or 2) as if it were a security for, an antecedent claim against any person; and it does not matter if the claim is due. The "antecedent claim against any person" can be and usually is, the claim international lenders have against the United States. U.S. citizens are sureties for that debt, and the United States is the principal. When a surety is called upon to pay his principal's debt, a demand for payment has already been made of the principal. For whatever reason the principal did not pay when the demand was made, so the attention then turns to the sureties. The sureties are required to pay immediately. Since U.S. citizens have not expressly signed on as sureties for the United States, demand can only be made for value. The United States acting for its creditors, can make demands for value, ie. for loans. When the surety (transferee) receives a demand for value, the demand needs an endorsement to make it negotiable. The issuer is looking for the transferee to supply the endorsement. That can be a blank endorsement or a qualified endorsement. The choice is yours.

The instrument can be issued or transferred for value as a payment or as a security. The endorser decides which it is. The antecedent claim can be against any person, not necessarily against the transferee. That "any person" can be the United States for the national debt if the transferee is a surety for the United States. If the transferee agrees to be surety, he has an obligation to pay the instrument immediately. If the transferee gives the instrument to the man who represents him, he can use the commercial rules to A4V the instrument and return it for value and for closure of the account. Either way, the transferee has an obligation to do something with the instrument.

"Giving value" from 1-201 is not the same as "transferring <u>for</u> value" from 3-303. The transferor (issuer) in 303 usually wants to get a valuable consideration back for an instrument he issues for value, and he wants a new contract on which he or the person he represents is the creditor. An issuer for value has no preexisting contract and no antecedent claim that authorizes him to issue an instrument, so he issues it for value and delivers it to someone (the target) with the hope that the receiver will accept it without conditions. The one who receives an instrument issued for value does not have to accept the liability attached to it, unless he has an obligation to

accept the liability. If there is no obligation, the transferee can view the instrument as a payment, and return it with a proper endorsement to pay the instrument and to close the account. The instrument pays the instrument! The issuer pays the issuer! Confusing, isn't it?

The instrument can also be an offer to contract, and no one is required to contract if he does not choose to do so. The presumption that everyone is obligated to enter these contracts is based on an implied simple contract. That is not a very strong position.

When an instrument issued for value is received and retained, it is accepted as though the receiver has given it a blank endorsement, and the transfer of liability has been successful. A blank endorsement waives all the defects, and the main defect in an instrument issued for value is that there is no security attached to it. If it were not for the inherent security interest in the instrument itself, the whole project would be fraud. The issuer is not giving value; he is seeking value. The issuer is not giving consideration; he is seeking consideration. These abnormalities can be cured if the transferee gives it a qualified endorsement as a payment and returns the payment for closure of the account. After acceptance through a blank endorsement, the issuer's consideration is presumed, and the endorser is liable on the instrument. A commitment (implied or express) by the transferee (to take on the liability) through a general acceptance would be a valuable consideration on his part, and would result in a binding contract. He is then obligated on the instrument to make immediate payment.

Subsection 4 of 3-303 deals with negotiable instruments. The issuer is seeking a negotiable instrument in return for the instrument he is transferring to the transferee. In most cases, the transferee does not know that the instrument itself is going to be made negotiable. The transferee is the only one who can decide what endorsement is going to be one the instrument.

UCC 3-303. Value and consideration
A. An instrument is issued or transferred for value if:
4. The instrument is issued or transferred in exchange for a negotiable instrument; or

UCC 3-303(A)(4) says an instrument is issued or transferred for value if it is issued or transferred in exchange for a negotiable instrument. The issuer wants to exchange his instrument for a negotiable instrument. You can send him a check, which is negotiable. You can retain his instrument, which is an acceptance waiving the defects and giving it a blank endorsement, which makes the instrument negotiable. You can return his instrument as a payment with a proper endorsement, which makes it negotiable. The issuer gets what he wants, sort of.

At the time an instrument is issued for value, it has no value until the transferee endorses it. When you endorse it with a blank endorsement by mere acceptance, you have turned it into a negotiable instrument, and you are the new issuer. The initial issuer now has a security interest in your negotiable instrument, and he can negotiate

it for payment. He is entitled to enforce the instrument, instead of you. When an instrument is just issued (check or promissory note), it has value because it contains an order or a promise and is backed by a security, some sort of promise. Checks are backed by digits in an account that represent Federal Reserve Notes, which are obligations of the United States. Promissory notes are back by the promise of future labor. In the case of a check, the value is the promise on the part of the issuer and the order to a third party to pay it. If you cannot tell on the face of the instrument if it is a promise or an order, it can be treated as either. When the payee receives a check, it is a promise. When he negotiates it by endorsing it and delivering to a bank, it is an order. If the check is negotiated at the bank on which it is written, and there are sufficient digits in the account to cover the check, that bank can take the instrument, and does not have to take it for value. If the check is negotiated at a different bank, the bank can take the instrument for value, because it does not know if the check is good. It does not know if it can collect on the check. If the bank gives its depositor cash immediately upon deposit, the bank may not be able to collect from the maker's bank. It would then have to retrieve the value of the check from its depositor. To avoid such problems, the bank will usually give notice that the funds will not be available to its depositor until the bank has collected on the check from the maker's bank. In that case, the bank would be taking the instrument for value. It would be seeking value, and would not be making a commitment to honor the check unconditionally.

If someone just accepts an instrument issued by an agent of the United States for value and does not immediately pay it, he is in default. If he were to accept it for value and return it to the issuer's banker (Secretary of the Treasury) with a qualified endorsement (not a blank endorsement), the issuer would have no recourse against the one who endorsed and returned the instrument. The qualified endorsement is – Accepted for Value Exempt from Levy __*signature*__ Date ____ Exemption Identification Number 123456789 Deposit to the U.S. Treasury and charge the same to _____ .

The value of the instrument can be charged to JOHN H DOE 123-45-6789 if it is the birth certificate. The value can be charged to a clerk of court for case # ____. It can be charged to the Commissioner of Internal Revenue Service for account # 123-45-6789 if it is a tax bill. Electric bills have the bank routing numbers and amount of the voucher printed in magnetic ink right on the bottom of the bills. The utility companies are actually sending you the voucher to pay the bill with the statement every month. Even so, they might decide to turn off your service if you do not send them a "thank you" check in addition to returning the voucher with your proper endorsement. IRS also sends the voucher on the final demand before lien or levy. A voucher can be "a written record of expenditure, disbursement, or completed transaction, or it can be a written authorization or certificate, especially one exchangeable for cash or representing a credit against future expenditures". It would need to be endorsed before submitting it as a credit. A blank endorsement puts the liability on the endorser. A qualified endorsement puts the liability on the issuer.

Until someone gives an endorsement, an instrument issued for value is not negotiable. If the transferee makes the instrument negotiable as a security with a

blank endorsement, the transferee must pay it. He can give it a qualified endorsement by accepting it for value, to make it a payment. When it is subsequently presented to a third party (banker), it is an order from the maker to the third party to pay it. The instrument issued for value becomes the very payment that pays it. If the transferee gives it a blank endorsement (by his silence) and does not return it with his check, he makes the instrument his promise and also makes the instrument negotiable as a security. Whoever has a right to enforce it can negotiate it. If the transferee has no idea what to do with it, he might inadvertently make it a security and commit himself to pay it. It is his choice. There is a price for ignorance. Ignorance is not stupidity; it is lack of knowledge. If an instrument is issued and transferred for value, the person who is the transferee can make it the issuer's note (promise) and the transferee's draft (order). The transferee can be the one entitled to enforce the instrument if he gives it a proper endorsement. If he does not, the transferor is the person entitled to enforce the instrument, and he will enforce it.

A case designed to seize property of a U.S. citizen is called a penal action. It is not civil, and it is not criminal. It is based on violation of statutes that were implemented to facilitate collections from U.S. citizens to pay the national debt. Libels of information are used to obtain arrest warrants from the clerks of executive courts so the proceeding can be commenced. These are not cases; they are proceedings. The book *39 IRS Arguments that Don't Work and Why* explains this process in much more detail. It can be found on www.lulu.com.

When an indictment (true bill), which is actually a libel of information, or other bill is presented to a U.S. citizen by the United States, an obligation on a preexisting claim against the United States (national debt) is being transferred to the transferee (surety - defendant or debtor). The bill is issued for value. The endorser is expected to create the "money", both for the payment or for the security. The United States wants the U.S. citizen to supply the value. There is no actual security, antecedent claim, or preexisting contract behind it. No money is needed if the transferee treats it as a payment and sends it to the issuer's banker with a qualified endorsement. This puts the endorser in the driver's seat and makes him the party entitled to enforce the instrument. On the other hand, no money is needed if the transferee treats it as a security by giving it a blank endorsement and keeping (holding) it. This puts the issuer or his principal in the driver's seat and entitles the principal to enforce the instrument.

Since 1933, the only money in circulation is money of account that is created on demand at the time it is needed to satisfy an immediate need. If a bill is issued with nothing to secure it, it has to be issued for value, because the money to pay it (promise to back it) has not been created. If the transferee receives a bill and does not pay it immediately, he is in default. Some say the reason it cannot be paid is because no check to pay it was included with the bill. The instrument is the check if it is taken as a payment, made negotiable with a proper endorsement, and turned into a draft (issuer's order). If the transferee accepts it for value and returns it to the issuer's banker (Secretary of the Treasury) as payment to balance the books and close the account, he is not in default. Since it was issued for value, and transferred for value,

it can be accepted for value. To be a holder in due court, the endorser must take (accept) the instrument for value. See 3-302. Holder in due course above.

Under Article 3, if an instrument is issued for value, it is also issued for consideration. The issuer either gives the consideration through the instrument, or issues the instrument for value to receive the consideration from the transferee. When an instrument is accepted (taken) for value, it can be returned to pay the bill, and the transaction is finished. All the required bookkeeping entries for an accrual bookkeeping system can be made based on the offer for value and the acceptance for value. This bookkeeping cannot be done if the bill is not returned with an appropriate endorsement though. If the bill is not returned, the bookkeeper has an unbalanced account. All accounts must be closed at the end of the business day in an accrual system. An unbalanced account necessitates entries into the accounts payable and accounts receivable ledgers. If you are the cause of a payable, you are also responsible for the receivable, so your retention of the instrument is deemed to be a blank endorsement. If you do not balance that account, an executive court will do it for you. That usually results in a statutory penalty being applied against you through the U.S. citizen you represent.

Subsection 5 of 3-303 deals with irrevocable obligations. The transferee is expected to enter that obligation voluntarily and take on the liability of both the instrument and the payment needed on the national debt.

> *UCC 3-303. Value and consideration*
> *A. An instrument is issued or transferred for value if:*
> ***5. The instrument is issued or transferred in exchange for the incurring of an irrevocable obligation to a third party by the person taking the instrument.***

An instrument can be issued or transferred in exchange for the incurring of an irrevocable obligation to a third party by the person taking the instrument. This is a very easy to understand section. If the issuer (United States) issues or transfers an instrument for value on behalf of a third party (international creditors), and if he (United States) is fulfilling a promise (reorganization plan) on an antecedent claim (national debt) the third party (international creditors) has against the issuer (United States), his (United States) purpose is to exchange the instrument for an irrevocable obligation (the U.S. citizen's) to that third party (international creditors) by the person taking the instrument (U.S. citizen).

If the transferee (U.S. citizen) has an obligation to the issuer (United States), and the issuer (United States) can provide the third party (international creditors) with an irrevocable obligation by the transferee (U.S. citizen), the issuer (United States) has a defense because of the giving of value (U.S. citizen's irrevocable obligation) to the third party (international creditors). The transferee's (U.S. citizen) obligation (value) to the issuer (United States) is transferred to the third party (international creditors) as value (payment on the national debt). The issuer (United States) is entitled to enforce an instrument (pledge) it supposedly previously received from the U.S. citizen. The transferee on an instrument issued and transferred for value is the one who decides if

the instrument is a payment or a security. The definition of “negotiable instrument” says, “a person entitled to enforce the instrument may treat it as either”.

> *UCC 3-104. Negotiable instrument*
> *E. An instrument is a "note" if it is a promise and is a "draft" if it is an order. If an instrument falls within the definition of both "note" and "draft", a person entitled to enforce the instrument may treat it as either.*

When an issuer of a negotiable instrument delivers it to a U.S. citizen represented by a knowledgeable man, it is the transferee (U.S. citizen) who is entitled to enforce the instrument. Since he has been asked to take on the liability, he is the one who decides if the instrument is a promise (note) or an order (draft). He is the one who has the right to endorse the instrument. An issuer of an instrument for value is gambling when he delivers an instrument to a transferee. If it gets in the hands of a knowledgeable man, the issuer might end up being the liable party instead of the transferee. Since agents of the United States who have authority to issue and transfer instruments for value are bonded, their issuance of these bills will not affect their personal holdings; but if a knowledgeable man accepts it for value and returns it for closure and settlement of the account, and the agent is negligent or abusive, his bond may not cover his willful default. His only recourse is to try to get you to change your mind and waive your settlement. If you do not really know what you have done, it will be easy for him to help you waive your settlement and revert back to being liable on the instrument that you turned into a negotiable instrument. That instrument (as a security) can then be transferred to a third party as a form of satisfaction by the United States, using you as the responsible party.

An instrument that is a promise or an order can be issued for value by an agency or instrumentality of the United States, an individual, or a corporation and delivered to another person, who is presumed to have previously made a pledge to be liable for such instruments. It is not the instrument that determines if it is a promise or an order, and a payment or a security. Whether the instrument is a promise or an order is up to the one who endorses it. Whether it is going to be used as a payment on a preexisting claim, or as a security for a preexisting claim is also up to the one who endorses it. It is going to be negotiable, but when it is issued, it is not known who is going to be the liable party on it when it is negotiated.

Endorsing a check issued as a promise and as an order is not done for value. Only instruments that are issued and transferred for value can be accepted for value. A check does not fall into that category, but the way it is endorsed does determine if the negotiation of the check will be a taxable event to the endorser, or not. If it is endorsed in blank and deposited anywhere in the United States, a tax is owed. The person receiving it creates a record of the creation of a new security at the bank where it was deposited. That record confirms the person making the deposit has realized an undeniable ascension to wealth over which he has control, and that transaction is a taxable event. A blank endorsement is one that only exhibits the signature of the endorser and does not contain special terms. An instrument with a blank endorsement becomes a bearer instrument and can be enforced by anyone who has it. If it is given to a bank through a deposit, the bank becomes the person entitled to enforce the

instrument. Using a check as an example, if it is endorsed in blank and deposited, its value should be included as income on a tax return. That same check could be endorsed with a qualified endorsement indicating the check is exchanged for credit on account or is exchanged for Federal Reserve Notes that have no redeemable value according to 12 USC 411. The endorsement words are chosen by the endorser. They might be – *Deposited as credit on account or exchanged for Federal Reserve Notes with no redeemable value.* If the bank has a problem with that wording, it might be changed to – *Deposited as credit on account or exchanged for Federal Reserve Notes pursuant to 12 USC 411 as amended.* The amendment that is important is the one that removed the redeemability from the statute.

Interest in Property

Since the United States money system is based on interest in property rather than substance, the commercial goal is to get a security interest in something that has value; not to take possession of a thing. Ownership carries liabilities. Interest in property does not. It is more efficient commercially to have a security interest in property than to own it. A security interest is not given unless there is an obligation that necessitates such an action. That means there is a debt involved when there is a security interest. When one applies for credit, he simultaneously gives a security interest in a thing that has value. The thing can be a title to land or a car, title to a deposit account at a bank, a promise of future performance, or a commitment on future labor. The security for the credit can be implied, and constitutes consideration. This implies the existence of a contract, even though it may be a simple contract and you may not have intended to enter a contract. Default on implied contracts can result in consequences anywhere from seizure of pledged property (titles or even a body), to negative information on a credit report.

The blank endorsement of a transferee, who does not do anything with an instrument that was issued or transferred to him for value, is assumed. At some point he is a holder and is liable, but the liability is not enforceable until there is an endorsement, which can be on another piece of paper that is attached by a connective note, or can just be presumed according to commercial law. Someone other than the transferee can even sign it on behalf of the transferee. This is not done unless the transferee is arguing or continually objecting to being billed. Technically, the transferee is in default, so his negligence or disobedience can be cured by someone else, but there is usually an additional price to pay at that point. An actual endorsement that fits the commercial requirements might even be on a paper used in a penal action proceeding, called Terms and Conditions of Release. It is a special bond used in penal action courts when the defendant still refuses to take responsibility to close the account.

> *UCC 3-203* ***Transfer of instrument; rights acquired by transfer***
> *C. Unless otherwise agreed, if an instrument is transferred for value and the transferee does not become a holder because of lack of indorsement by the transferor, the transferee has a specifically enforceable right to the unqualified indorsement of the transferor, but negotiation of the instrument does not occur until the indorsement is made.*

This is a confusing section of the commercial code. The positions of the transferor and the transferee switch when the original transferee fails to respond. The mere act of retaining an instrument implies its general acceptance and its reissuance with a blank endorsement. This turns the tables. It turns the original transferee into the new issuer/transferor and the Maker or Drawer on the instrument. The original issuer becomes the transferee. For example according to 3-203, the U.S. citizen who received the instrument and was originally the transferee with an automatic security interest in the instrument that was issued and transferred for value, becomes the new issuer and the transferor if he just receives it and retains it. The United States agent that originally issued it for value and had the liability to pay it, becomes the new transferee with a security interest in the instrument. The new transferee has a specifically enforceable right to the unqualified indorsement of the transferor. All the United States has to do is get the U.S. citizen to sign something, anything, that is related to that instrument. It could be the green card on a certified mail envelope, or a payment agreement with the IRS, or a Terms and Conditions of Release bond in an executive court proceeding.

Settlement

Handling negotiable instruments is just the first step of settling commercial accounts in the United States. Article 3 of the commercial code is the guidebook for dealing with negotiable instruments of all kinds. Registration and bonding through the Secretary of the Treasury as your fiduciary and securities intermediary and setting off commercial charges is needed to actually settle the accounts. Direction for registering a security interest is found in Article 9 and the duties and rights of parties to securities are covered in Article 8. Knowing what A4V means is just the beginning.

****

A4V Recap

Acceptance for value is purely a commercial remedy.
It is not the only remedy.
Acceptance for value is based on contract law and international law.
Even simple contracts must have consideration from both sides to be valid.
Bankruptcy law and insolvency law overshadow all commercial debts in the United States.
The President is the only officer of the United States who has a constitutionally required oath.
People are beneficiaries of the trust created by the Constitution.
The President is the executive trustee of that trust.
Acceptance for value is different than acceptance.
Value can be -

1) A commitment to extend credit
2) As security for satisfaction of a preexisting claim
3) Acceptance of deliver on a preexisting contract
4) Any consideration sufficient to support a simple contract

Mere acceptance waives defects.
Accepting an instrument for value gives the acceptor options.

The issuer of an instrument has the liability on the instrument.
An instrument issued or transferred for value is -

1) for a promise of performance, to the extent the promise has been performed;
2) to acquire a security interest or other lien in the instrument other than a lien obtained by judicial proceeding;
3) as payment of, or as security for, an antecedent claim against any person, whether or not the claim is due;
4) in exchange for a negotiable instrument; or
5) in exchange for the incurring of an irrevocable obligation to a third party by the person taking the instrument.

One of an acceptor's options is to accept for value and return for value to the issuer's banker.
Article 8 of the commercial code directs the handling of securities in the United States.
A securities intermediary has obligations to entitlement holders.
Consideration means any consideration sufficient to support a simple contract.
An issuer of an instrument for value has no defense to the obligation to pay the instrument.
The issuer has a defense if performance of the promise is due and the promise has not been performed.
An instrument issued or transferred for value is also issued for consideration.
A person gives value to receive rights.
He can acquire rights –

(a) In return for a binding commitment to extend credit or for the extension of immediately credit
(b) As security for or in total or partial satisfaction of a preexisting claim; or
(c) By accepting delivery pursuant to a preexisting contract for purchase; or
(d) Generally, in return for any consideration sufficient to support a simple contract.

Acceptance for value is the same as taken for value.
Instruments issued for value have no value in them until they are endorsed.
A blank endorsement makes the endorser liable on the instrument.
A proper qualified endorsement can make an endorser a holder in due course.
An endorser is not required to take on the liability of the instrument.
An endorser has the option of limiting or precluding recourse against himself.
An endorser decides if an instrument is a promise or an order.
An endorser decides if an instrument is negotiable or non-negotiable.
An endorser decides if an instrument is a payment or a security.
Interest in property establishes a claim that may be enforceable by a holder in due course.
Interest in property does not carry liabilities of ownership of property.